

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H. R. 13909) granting a pension to Willie A. Mankin; to the Committee on Pensions.

By Mr. CABLE: A bill (H. R. 13910) to remove the charge of desertion from the record of George T. Silvers; to the Committee on Military Affairs.

By Mr. COLE of Iowa: A bill (H. R. 13911) granting a pension to Lusania V. Center; to the Committee on Invalid Pensions.

By Mr. DOWELL: A bill (H. R. 13912) granting a pension to Lillian Ensminger; to the Committee on Invalid Pensions.

By Mr. HENRY: A bill (H. R. 13913) providing for the purchase of a suitable site for the erection of a post office for the village of Canisteo, N. Y.; to the Committee on Public Buildings and Grounds.

By Mr. JOHNSON of Kentucky: A bill (H. R. 13914) granting a pension to Eliza Forbes; to the Committee on Invalid Pensions.

By Mr. KENNEDY: A bill (H. R. 13915) for the relief of Daniel A. Spaight; to the Committee on Claims.

Also, a bill (H. R. 13916) for the relief of Elizabeth Tabele; to the Committee on Claims.

By Mr. KOPP: A bill (H. R. 13917) granting an increase of pension to Elizabeth E. Lanam; to the Committee on Invalid Pensions.

By Mr. LANGLEY: A bill (H. R. 13918) granting a pension to Wallis Bailey; to the Committee on Pensions.

Also, a bill (H. R. 13919) granting a pension to Henry E. Booth; to the Committee on Pensions.

Also, a bill (H. R. 13920) granting a pension to Robert McQueen; to the Committee on Pensions.

By Mr. McDUFFIE: A bill (H. R. 13921) authorizing the President to appoint George C. Scherer to the position and rank of captain in the Quartermaster Corps of the United States Army; to the Committee on Military Affairs.

By Mr. NELSON of Maine: A bill (H. R. 13922) granting a pension to William L. Ross; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 13923) granting an increase of pension to Essie Pursel; to the Committee on Invalid Pensions.

By Mr. ROACH: A bill (H. R. 13924) granting a pension to Elizabeth M. Griffith; to the Committee on Invalid Pensions.

By Mr. TREADWAY: A bill (H. R. 13925) granting an increase of pension to Jennie E. Moore; to the Committee on Invalid Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6907. By Mr. BACHARACH: Petition of sundry citizens of Atlantic City, N. J., protesting against the passage of the compulsory Sunday observance bill; to the Committee on the District of Columbia.

6908. By Mr. BULWINKLE: Petition of Father Felix, O. S. B., Belmont Abbey, Belmont, N. C., and others, praying that the Congress of the United States extend aid to the famine-stricken people of Europe; to the Committee on Foreign Affairs.

6909. By Mr. BURTNESS: Petition of sundry citizens of Fargo, Cogswell, Hatton, Sarles, Finley, Hankinson, Hunter, Mayville, Churchs Ferry, Lidgerwood, Walhalla, Milton, Endelin, Sheldon, Bisbee, Hoople, Fairmont, Page, Hannah, Forest River, Hamilton, Forman, St. Thomas, Inkster, Park River, Milnor, Lakota, Northwood, Bathgate, Cavalier, Lisbon, Hillsboro, Pembina, Larimore, Tower, City, Casselton, and Grand Forks, all in the State of North Dakota, favoring the passage of the Townner-Sterling bill; to the Committee on Education.

6910. Also, petition of sundry citizens of Forman, N. Dak., Hunter, N. Dak., and Grand Forks, N. Dak., favoring the abolition of discriminatory tax on small-arms ammunition and firearms; to the Committee on Ways and Means.

6911. By Mr. CULLEN: Resolution adopted by the American Legion in national convention assembled, calling upon Congress to take up and act upon measures pending in Congress regarding the disposition of Muscle Shoals; to the Committee on Military Affairs.

6912. Also, petition of a mass meeting of citizens of New York City, favoring a first-class Army and Navy at all times; to the Committee on Military Affairs.

6913. By Mr. FULLER: Resolutions of the Illinois State Federation of Labor, favoring the recognition by the United States of the soviet government of Russia; to the Committee on Foreign Affairs.

6914. Also, petition of the National Council of Farmers' Cooperative Marketing Associations, concerning credits and increase of maximum loans by farm-land banks from \$10,000 to \$25,000; to the Committee on Banking and Currency.

6915. By Mr. KELLEY of Michigan: Petition of Cleo E. Baker and 21 other residents of Lansing, Mich., favoring repeal of the tax on small arms and ammunition; to the Committee on Ways and Means.

6916. Also, petition of the Hall & Downie Hardware Co. and 20 other residents of Flint, Mich., favoring repeal of the tax on small arms and ammunition; to the Committee on Ways and Means.

6917. By Mr. KINDRED: Petition of Port of New York Authority, E. H. Outerbridge, chairman, opposing any reduction of appropriations for rivers and harbors maintenance and improvement as recommended by the Chief of Engineers for the port of New York; to the Committee on Rivers and Harbors.

6918. By Mr. KISSEL: Petition of United States Customs Service, San Francisco, Calif., favoring better pay for customs laborers in the United States; to the Committee on Ways and Means.

6919. By Mr. MACGREGOR: Petition of sundry citizens of Buffalo, N. Y., favoring aid to Germany and Austria; to the Committee on Foreign Affairs.

6920. Also, petition of H. H. Koehler and five other citizens of Buffalo, N. Y., favoring help for Germany and Austria in regard to food which is to be bought from the United States; to the Committee on Foreign Affairs.

6921. By Mr. MORIN: Petition of Bavarian National Association of North America, Section No. 41, Pittsburgh, Pa., urging the passage of House Joint Resolution 412, purporting to extend aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6922. By Mr. PERKINS: Petition signed by Theo. H. Mulch, Westwood, N. J., and others, in support of legislation extending immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6923. Also, petition signed by Max Rumain, Hasbrouck Heights, N. J., and others in surrounding towns, in support of legislation extending immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6924. Also, petition signed by H. J. Schubert, Hackensack, N. J., in support of legislation extending immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6925. By Mr. RIORDAN: Petition of 25 citizens of New York, to extend aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6926. By Mr. THOMPSON: Petition of 15 citizens of Convoy, Ohio, urging action on House Joint Resolution 412, for the relief of famine conditions in Germany and Austria; to the Committee on Foreign Affairs.

6927. By Mr. YOUNG: Petition of Olaus Johnson and others, of Bergen, N. Dak., protesting against House bill 13195 and Senate bill 4130; to the Committee on Interstate and Foreign Commerce.

## SENATE.

FRIDAY, January 19, 1923.

(Legislative day of Tuesday, January 16, 1923.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

## SPEECH OF MR. BOYDEN BEFORE REPARATION COMMISSION.

Mr. LODGE. Mr. President, I ask unanimous consent to present from the Committee on Foreign Relations, in reply to the resolution submitted by the Senator from Utah [Mr. KING], the authentic text of the remarks of Mr. Boyden on January 9, 1923, together with a memorandum showing the differences between that text and the version contained in the New York Times, which was printed in the Record. I ask that the text I present may be printed in the Record in the usual Record type, and the matter indicated in parallel columns.

The VICE PRESIDENT. Without objection, it is so ordered.

The errata and the text are as follows:

## BOYDEN.

Page 1, paragraph 2, line 7:

Who though in fact not a judge expressed his own personal view.

Page 2, paragraph 2, line 5:

That the action or the failure this act might reasonably have \* \* \*.

Page 2, paragraph 3, line 9:

And do not realize at the time.

Page 3, Boyden's word "juridical," in paragraph 2, line 1, and paragraph 3, line 1, becomes "judicial" in the Record.

Page 4, paragraph 1:

"With regard to the letter of March 21, Mr. Boyden considered that the commission did not by its terms abandon its right under the treaty to report a voluntary default. *At the time when the letter was drafted he had called the attention of his colleagues to the danger which existed from the language used which had been quoted.* He did not remember exactly what views his colleagues then held, but it might be taken for granted that the language would not have been accepted by certain delegates if they had thought it eliminated the possibility of reporting a voluntary default."

Page 4, last paragraph:

The argument would have weight if urged to show that the commission's decision upon the amount of coal which Germany could supply without undue interference with its industrial requirements was incorrect.

Page 5, paragraph 2:

But having expressed his view of the legal situation Mr. Boyden desired to add that several of the foregoing considerations, particularly Germany's need for coal \* \* \*, reported a default.

Page 5, paragraph 3:

The report by the commission of the wood default seemed to him to be very defective. When reporting a voted default it was of the utmost importance. \* \* \* The commission was the tribunal which found the accused guilty; \* \* \*

Page 6, last paragraph:

It was understandable that Germany's opinion of her own requirements should affect her attitude. Her opinion on this point and the facts on this point were both of great importance in connection with the extent of her culpability. *In that connection it would seem with all fairness to Germany that the report should emphasize the percentage which expressed the real extent of the default—while the default was important from the financial point of view, as Mr. Delacroix had explained—*

## CONGRESSIONAL RECORD.

And though in fact not a judge to express his own personal view.

That action or failure to act might reasonably have \* \* \*.

And did not realize at the time.

"With regard to the letter of March 21, Mr. Boyden considered the commission did not by its terms abandon its right under the treaty to report voluntary default. He did not remember exactly what views his colleagues then held, but it might be taken for granted that the language used would not have been accepted by certain delegates if they thought it eliminated the possibility of reporting voluntary default."

*This argument would have weight if used to show that the commission's decision upon the amount of coal which Germany could supply without due interference with its industrial requirements was incorrect.*

But having expressed his view of the legal situation Mr. Boyden desired to add several to the foregoing considerations, particularly in regard to Germany's need for coal \* \* \*, reported the default.

The report by the commission on wood default seemed to him to be very defective. When reporting voluntary default it was of the utmost importance. \* \* \* The commission was a tribunal which found. \* \* \*

It was understandable that Germany's opinion of her own requirements should affect her attitude. Her opinion on this point and the facts on this point were both of great importance in connection with the extent of Germany's default. The report should emphasize the percentage which expressed the real extent of the default—while the default was important from a financial point of view, as Mr. Delacroix had explained—Germany had made a very considerable effort in a very difficult mat-

## BOYDEN—Continued.

*the percentage of demand which Germany had not supplied was small, and this must be recognized as proving that Germany had made a very considerable effort in a very difficult matter and had attained a very large measure of success.*

Page 7, last paragraph, line 5:

\* \* \* of the failure of Germany in the execution of her obligations.

(Conjunctions and articles added and omitted, but they do not change sense.)

## TEXT OF MR. BOYDEN'S REMARKS ON JANUARY 9, 1923.

Mr. Boyden stated that not being one of the official judges, as were his colleagues, it would be easy for him to remain silent, but he preferred to assume his own responsibility in his personal capacity, as they assumed theirs in their official capacity. In English and American courts it was not uncommon for a person of judicial education to sit with the official judges as an "amicus curiae," who, though in fact not a judge, expressed his own personal view. Mr. Boyden had endeavored to form an opinion upon the judicial aspect of the situation.

Paragraph 17 of annex 2 referred to default and paragraph 18 referred to voluntary default. Mr. Boyden was in agreement with the decision of the commission that in both cases voluntary default was intended.

What was voluntary default? One excuse for nonperformance would be recognized by all, viz, "force majeure," but in Mr. Boyden's view the expression "voluntary default" included other excuses. It meant the doing or the failure to do something with the knowledge at the time that the action or the failure of this act might reasonably have the effect of resulting in default.

There was in Mr. Boyden's view a very considerable difference between the question then under discussion and the question as it had arisen in connection with deliveries of timber. The demand for timber was a single demand. The main reason for the timber default seemed to consist in the difficulties which arose from the depreciation of the marks. These difficulties were of an extraordinary nature such as had never before arisen in Germany and it was easily conceivable that the persons who had to meet them did not at once see how to meet them and did not realize at the time that their failure to do certain things promptly would result in default. Nevertheless, Mr. Boyden was inclined to think that even in connection with wood there had been a voluntary default within the meaning of the treaty. The difference between the timber question and the coal question lay in the fact that the coal requirements were monthly requirements. The Germans, faced with deficits in any month, ought at once to have taken whatever precautions were necessary to see that those difficulties, whatever they had been, were avoided during the next month. They had failed to do this and the deficits had continued month after month.

One further juridical point arose to which Sir John Bradbury had referred in connection with the purpose of paragraph 17. In Sir John Bradbury's opinion the purpose of that paragraph was to enable the commission to appeal to the governments only when the measures at its command had proven inadequate to enforce obedience. That was a perfectly comprehensible interpretation and explained in a large part the difference between Sir John Bradbury and his colleagues as to the action to be taken. Mr. Boyden's own reading of paragraph 17 was, however, different. In his view the commission was required to report any voluntary default forthwith, partly for the information of the governments and partly to enable the governments to take such action as they thought fit. Mr. Boyden recognized that the previous action of the commission with respect to coal defaults had not been consistent with that interpretation, for the commission had not automatically reported defaults as they had arisen. Although this previous practice did not, in his view, represent the waiver of a right, it was, nevertheless, a practical fact which should be taken into account, particularly by the governments themselves, in whatever action they might take.

From the juridical point of view, he was of opinion that the argument put forward by the German delegation to the effect that in private contracts a deficiency of 10 per cent did not constitute a default was of no value. The treaty did not con-

## CONGRESSIONAL RECORD—Contd.

ter and had attained a very large measure of success.

\* \* \* of the failure of Germany in *executing* her obligations.



template the application of any such commercial custom to its provisions.

With regard to the letter of March 21, Mr. Boyden considered that the commission did not by its terms abandon its right under the treaty to report a voluntary default. At the time when the letter was drafted he had called the attention of his colleagues to the danger which existed from the language used which had been quoted. He did not remember exactly what views his colleagues then held, but it might be taken for granted that the language would not have been accepted by certain delegates if they had thought it eliminated the possibility of reporting a voluntary default.

The argument to which the German delegation attached the most weight was that concerning the needs of Germany as indicated by her importation of nearly as much coal as she was delivering to the Allies. Legally that argument seemed to him to be applicable not to the question of a voluntary default but to the decision of the commission as to the demands made on Germany.

The argument would have weight if urged to show that the commission's decision upon the amount of coal which Germany could supply without undue interference with its industrial requirements was incorrect. But the commission's decision remained a decision unless changed and Germany's industrial requirements had nothing to do with Germany's obligations to carry out the decision so long as it was not changed.

But having expressed his view of the legal situation Mr. Boyden desired to add that several of the foregoing considerations, particularly Germany's need for coal and her importation of coal from abroad, the previous practice of the commission with respect to coal default and the commission's letter of March 21, had a practical bearing on the situation which would naturally be taken into account by the governments after the commission reported a default.

The report by the commission of the wood default seemed to him to be very defective. When reporting a voted default it was of the utmost importance for the commission to report the extent of the intention which had entered into that default. The commission was the tribunal which found the accused guilty; punishment would be meted out by another tribunal. It was therefore of the greatest importance that the exact nature of the crime should be reported by the commission so that the punishment by the governments might fit the crime. Mr. Boyden agreed with Sir John Bradbury that the word "punishment" was not appropriate, and that the real purpose of the provision was constructive. The real point was that the report should be made in such a way as to aid the governments in adopting methods which would lead to constructive results. But it was of equal importance that the quality of the crime should be made plain in the report whether the results were to be punitive or constructive. The commission in its report on coal deliveries should set forth not only the fact of default but also the causes of the default and all extenuating circumstances. It was only upon such a basis that the governments could fairly perform their duty in the matter.

If Mr. Boyden were asked to express in a few words what Germany had failed to do, he would say that Germany had failed to take those exceptional and rather extraordinary measures month by month which were necessary to cope with the difficulties which the experience of previous months had shown would arise.

It was understandable that Germany's opinion of her own requirements should affect her attitude. Her opinion on this point and the facts on this point were both of great importance in connection with the extent of her culpability. In that connection it would seem, with all fairness to Germany, that the report should emphasize the percentage which expressed the real extent of the default. While the default was important from the financial point of view, as Mr. Delacroix had explained, the percentage of demand which Germany had not supplied was small, and this must be recognized as proving that Germany had made a very considerable effort in a very difficult matter and had attained a very large measure of success.

Mr. Boyden had hitherto confined himself to the voluntary default on the part of Germany and the reasons which tended to lessen her culpability. If, however, he were making a report, he would go further and would deal with the whole question of the failure of Germany in the execution of her obligations under the treaty and would explain that the conditions imposed by the treaty had been demonstrated by experience to be impossible and that that impossibility had affected not only Germany's financial situation and her financial obligations to the Allies but also her obligations like these in respect of coal and wood. He would further express the opinion which he had already expressed before the commission that the continuance

of these conditions had already resulted in a great loss of money to the Allies and would result in still further loss so long as they were maintained.

#### SOME RURAL CREDIT CONTROVERSIES.

##### WALL STREET VERSUS THE FARMERS.

Mr. LADD. Mr. President, on November 22 I addressed this body relative to activities in connection with rural credits legislation. Prof. Samuel McCune Lindsay, president of the Academy of Political Science, has taken some exceptions to what I said. He has released his letter to the press and has suggested that I place his letter in the RECORD so that it may have the same recognition as had my speech. I request unanimous consent to insert in the RECORD the letter of Professor Lindsay, together with a news item in reference to same which appeared in the Washington Star on January 15, 1923, and my reply to Professor Lindsay, together with a short editorial from the Manufacturers Record for January 4, 1923, entitled "Propaganda of New York banking interests to control the appointment of a new governor of the Federal Reserve Board," and that these may be printed in the usual 8-point type.

There being no objection, the matter referred to was ordered to be printed in the RECORD in 8-point type, as follows:

#### THE ACADEMY OF POLITICAL SCIENCE

IN THE CITY OF NEW YORK,

January 10, 1923.

Hon. EDWIN F. LADD,

United States Senate, Washington, D. C.

DEAR SENATOR LADD: On November 22 you addressed the Senate in order, as you said, "to raise a warning voice" concerning the meeting of the Academy of Political Science which was to take place on November 23 and 24 at the Hotel Astor in New York City. You also said that you addressed the Senate in order to warn it in time before it was "too late" to appreciate the "tremendous import to the people of this country" of the discussion of the money problem, under the auspices of the academy, which might lead to recommendations to the Senate concerning the purport and origin of which the Senate ought to be forewarned.

As a scientist, teacher, educator, former college president, and editor, you might be supposed to be better informed as to the purposes and impartial scientific character of meetings like those of the academy and also to know that no resolutions or recommendations are made at such meetings, neither do they lend themselves to propaganda of any kind, but have for their sole purpose untrammelled public discussion looking to the enlightenment and education of public opinion on economic, social, and political problems of national interest and concern.

As proof of the dangerous character of this meeting and of others which you imagine are being planned and engineered by what you call the influence of bankers and Wall Street, you cited the personnel of the committee on program and arrangements, which, according to your description, consisted of 10 economists, college presidents or professors, one Assistant Secretary of the Treasury, the president of the Chamber of Commerce of New York, a lawyer and former Postmaster General of the United States, the governor of the Federal Reserve Bank of New York, a Congressman from New York, a journalist, a retired banker, three bankers [Mr. Lamont, Mr. Catchings, and Mr. Warburg], "and a son of another financier," George W. Perkins, jr. You sum up your comment on these persons by saying:

"It seems to me \* \* \* that anyone who had given any serious study to economic conditions in this country would find no hesitancy in reaching the conclusion that this committee on program and arrangements—with the possible exception of a few who might be mingled in for 'trimmings'—is constituted of minds entirely in accordance with the banking interests. Any program arranged by this committee for the discussion of the money problem would naturally be arranged with a viewpoint of developing the ideas of the big bankers."

If that conclusion is justified, it is very strange that none of the three bankers you mention took any part themselves in the program of this meeting.

You then single out for special comment the program of one session of the meeting presided over by Prof. Edwin R. A. Seligman, the program of which you cite in full, as follows:

"1. Introductory address of the presiding officer.

"2. Agricultural financing. Eugene Meyer, jr., managing director War Finance Corporation, Washington, D. C. SYDNEY ANDERSON, Congressman from Minnesota, chairman Joint Commission on Agricultural Inquiry.

"3. Fall in agricultural prices, causes and remedies. George E. Roberts, vice president National City Bank, New York City.

"4. Should the farmer have additional credits to enable him to hold his crops for better prices? Jesse E. Pope, Washington, D. C.

"5. Discussion. Thomas P. Gore, former United States Senator from Oklahoma."

You state that you are "heartened that the name of former Senator Gore appears" and "to learn that the farmers will have a friend in court \* \* \* because of his presence."

It would not seem that any fair-minded person should find cause for alarm in that program with such a background. I am, therefore, prompted to ask myself what was the real reason for your warning to the Senate and your lengthy address at an unusually busy time in the Senate, devoted to what is obviously a phantom of your imagination. It can hardly be accounted for by lack of information nor as a willful attempt to deceive. The proceedings of the meeting will be published in full, as is customary, and, in fact, are now in press. That volume will best answer the insinuations which you so unjustly make concerning the program and the men connected with it. It will include speeches of some men like Prof. Irving Fisher, who discussed the theory of "the stabilized dollar," with which most bankers are wholly in disagreement. You may be interested to know that Henry Ford was invited to speak at this meeting or to send a representative of the staff of the Dearborn Independent, in order that his views of the money problem should be authoritatively presented for consideration. From the whole trend of your speech I am led to assume—but would be glad to be corrected if I am mistaken—that you are in sympathy with Mr. Ford's theory that the solution of agricultural financing is to be found in the issue of "soft" money. In fact, you say in one place:

"I wish to place the farmers on guard at this time that if they are to get any legislation which will be of lasting benefit to them it must be on a basis of real money. No system of loaning of bank credits or rural credits, or whatever alluring name that will be offered, will serve to do anything else than to push the farmer into the quagmire of debt."

Following the usual methods of the Dearborn Independent you begin an attack upon Paul M. Warburg and Eugene Meyer, jr., in an attempt to show that the work that both of these gentlemen have done as servants of the public has been done or is being done in the interests of Wall Street by misstatement of facts, insinuations, and fallacious reasoning based on assumed false premises. You introduce Mr. Warburg as "a prince of the house of Kuhn, Loeb & Co., another money-trust firm of international bankers. It is asserted Warburg is the father of the present financial system known as the Federal reserve system. He is the gentleman who devised the trap into which was led the entire American Nation," and so forth. You may know, because it is a matter of public record, that Mr. Warburg left the firm of Kuhn, Loeb & Co. eight years ago when he entered the Federal Reserve Board.

I am informed that he has had no connection or interest in Kuhn, Loeb & Co. since he withdrew from it in 1914. You may also know that he left the Federal Reserve Board in 1918, and has devoted himself for a year and a half to the development of an acceptance corporation. He had urged the creation of corporations of this type for many years as essential to the development of our foreign trade and our discount market, and the chief function of such a corporation is to facilitate the transportation of American farm products to foreign countries. You know, of course, how easy it is to awaken the farmer's suspicion and antagonism by reference to Wall Street, and so you have rehearsed the threadbare tale of the wicked Money Trust and the international bankers, headed by J. P. Morgan & Co. and Kuhn, Loeb & Co., and have not hesitated, untruthfully, to associate Mr. Warburg's name with the latter in order to discredit him with the farmer and also to fan the farmer's distrust of the Federal reserve system and of banks in general.

It is useless to answer your attack on the Federal reserve system when you reiterate arguments so often contradicted that the collapse of prices for agricultural products is due to operation of the Federal reserve system. How often has it been pointed out that the prices for farm products rose and fell simultaneously in all markets of the world? Canadian and Argentine wheat, not subject to the policies of the Federal Reserve Board, fell in price at the same time as American wheat. All began to decline long before the Federal reserve system began to contract its loans. I think the American farmer is beginning to see that he is suffering chiefly from the crippling of European markets which can not absorb our surplus and from a maladjustment of wages. All the credits in the world can not permanently boost prices unless the purchasing power of the world is restored. If it had not been for the protection

afforded by the Federal reserve system both business men and farmers of the United States would have been exposed to far greater suffering. Our quick return to the gold standard and the placing of business on a solid basis in which the forces of supply and demand are working unhampered, while Europe is still in the throes of violent economic disturbance, is largely due, in my judgment, to the excellent functioning of the Federal reserve system. It is also true that the bulk of complaints concerning lack of credit comes from sections of the country served by country banks unwilling or unable to make use of the Federal reserve system.

To the best of my knowledge Mr. Warburg has never claimed to be the "father of the Federal reserve system." Together with many others, he has contributed his share in its creation, and he has every reason to be proud of it. I am told, however, that he may lay claim to a more exclusive right of authorship when it comes to the War Finance Corporation, which, it is said, was substantially his creation. Shortly after the armistice, and after he had left the Federal Reserve Board, in a speech before the United States Chamber of Commerce in November, 1918, he was one of the first to advise the conversion of the War Finance Corporation into a peace finance corporation. Not all the banks were in sympathy with the organization of the War Finance Corporation and most of them opposed very openly and strenuously the continuation of its operations after the conclusion of the peace. Whether they were right or wrong, the fact remains that it was an instrument of Mr. Warburg's creation under Mr. Meyer's active operation, which has rendered substantial aid to the farmers during a period of acute distress, and the farmers have expressed themselves as highly appreciative of this.

One of the outstanding progressive moves made by the farmers has been the development of cooperative selling of agricultural products, and in this Aaron Sapiro is said to have been one of their most helpful advisers. The banks are not at all unanimous in support of this idea; indeed, there is a good deal of skepticism and distrust with regard to the scheme. You go out of your way to stigmatize Mr. Meyer—"another Wall Street manipulator"—and Mr. Sapiro—who took no part in our academy meeting—as men of whom the farmer should beware because they might be instrumental in delivering control of these cooperatives to the banks. "Forbid the time may ever come when the unseen hand of Wall Street or any special group of financiers has the control of organized farmers in their grasp. If such come true, then their organization will prove a boomerang to come back and strike, a viper to curse and wound them in their adversity."

I have gone into these details at such length because, unless you were talking in amazing ignorance, an analysis of your arguments leads to the conclusion that in attacking these three men you could not honestly have singled them out because they represented the banks, nor that you could have attacked the program committee because you really believed that it formed the background for some dastardly attempt to be made on the farmers by the bankers. It seems more logical to suppose you desired to attack three men whom the Dearborn Independent would single out as representatives of what it calls "international finance" of the Hebrew faith. I am writing this letter in order to put the question point-blank to you, so that you may answer it and so that the Senate that you addressed and the farmers for whose benefit—or misguidance—your speech was made should not be left in any doubt as to what you really meant. Are you a proponent of Mr. Ford's theory that strives to supplant interest charges by the issue of "soft" money, and do you think that the country is best to be served by attacks on men of the Jewish faith, when such attacks are based entirely on the propagation of malicious lies?

In your future speeches if you should wish to draw on the Dearborn Independent for the statement of facts, let me warn you in advance that it is a good source of reference for willful or negligent misstatements. Let me give you only two illustrations so that you may have no doubt as to the correctness of my statement. The Dearborn Independent told the farmers that Paul Warburg took part in the peace negotiations at Versailles on the American side, while his brother was a representative on the German side. This is an absolute lie. Paul Warburg did not go to Europe during the war, and not until long after the conclusion of the treaty of Versailles. In a similar manner the Dearborn Independent, in order to prove its thesis of the danger of the world domination to be exercised by the Jews, has stated to its innocent readers that Millerand, Kerensky, and many similar prominent Gentiles are Jews.

I am frank to admit that I am using this opportunity of stating these facts to you because, I hope that in doing so some of those may be reached whose minds have been willfully poisoned



by the Dearborn Independent and also because I think that men in Congress should be warned to watch and fight attempts of this sort to stir up class and race prejudice. If I should be mistaken in my assumption and should you disapprove of the policies of the Dearborn Independent as much as I do, nothing would give me greater pleasure than to have you state this on the floor of the Senate.

Inasmuch as your speech, with its unfair interpretation and incorrect statements concerning the purposes and character of our academy meeting has been given wide publication in the columns of the CONGRESSIONAL RECORD and has been reprinted elsewhere, as I note in the columns of the Call Magazine (New York Call, December 17, 1922), I am giving copies of the letter in reply to the press, and you are at liberty to publish it in the CONGRESSIONAL RECORD if you wish to bring it to the attention of the Senate in the same manner as you raised a voice of warning.

Yours truly,

SAMUEL McCUNE LINDSAY.

[From the Washington (D. C.) Star, Monday, January 15, 1923.]

CHARGES SENATOR LADD BACKS "FORD THEORIES"—REPLY TO SPEECH AGAINST FARM-CREDIT LEGISLATION BASED ON FEDERAL RESERVE SYSTEM.

NEW YORK, January 15.—Replying to a speech in the Senate last November by Senator LADD, Republican (North Dakota), in which he warned against any farm-credit legislation based on the Federal reserve system and favored by the large banking interests, President Samuel McCune Lindsay, of the New York Academy of Political Science, suggested in an open letter to the Senator that the latter's alarm was occasioned evidently by his "sympathy with Henry Ford's 'soft' money theories" and his adoption of Mr. Ford's "unwarranted attacks" on international bankers of the Hebrew faith.

Pointing out that Senator LADD referred to the program of the annual meeting of the academy, then about to take place, which provided discussion of agricultural financing among other things, Mr. Lindsay said:

"As a scientist, teacher, educator, former college president, and editor, you might be supposed to be better informed as to the purposes and impartial scientific character of meetings like those of the academy and also to know that no resolutions or recommendations are made at such meetings, neither do they lend themselves to propaganda of any kind, but have for their sole purpose untrammelled public discussion looking to the enlightenment and education of public opinion on economic, social, and political problems of national interest and concern."

REPLY TO PROFESSOR LINDSAY.

MY DEAR PROFESSOR LINDSAY: In response to your very interesting communication of the 10th instant, wherein you take issue with a certain speech delivered by me in the Senate on November 22, 1922, in which I took occasion to point out to the Senate and the country a certain conference called by the Academy of Political Science in the city of New York for the purpose of considering "The money problem," and in which I also discussed certain of the problems facing the farming interests of this country, I make this hasty reply in order that you may clearly understand that I take great pleasure in replying to you. It is quite interesting to note that it took you two months to prepare and post your letter of exceptions to my speech. Also I might note that it seems a strange coincidence that at about the same time I received other communications from other parties relative to the same matter and couched in somewhat the same vein of argument. But, of course, my dear Professor, it is a mere coincidence, and I do not mean to imply that you have been in conference with anyone relative to the subject matter of your communication. In the due course of events I would expect it to take about two months for the big banking groups of this country to formulate a reply to the speech about which you seem to be so unnecessarily sensitive. If you do not choose to drag our correspondence, it might be that we can develop a very profitable discussion for the American people. Due to the press of other official matters, I regret that I am compelled to make a limited reply to you at this time.

You seem to be interested as to the manner in which I have reached some of my conclusions. I will say that when I commenced my study of the money question I approached the study with no view of proving any particular theory or advocating any special cause. My single purpose was to find out where the trouble lay. I wanted to know what was fundamentally wrong. I had no ax to grind and no pet theories to defend; I simply wanted the truth.

Shortly after my election to the United States Senate, and before coming to Washington to take the oath of office, I was

casting about trying to ascertain the causes that were responsible for the economic conditions that have played such havoc to the agricultural interests of this country. First, I started out with the idea that our transportation facilities were largely responsible for our troubles. With that in view, I made several trips to different points in the country in order that I might study the situation in detail. I did not follow that lead very long before I became convinced that I was on the wrong track, and that the banking system of the country was, more than any other factor, responsible for the situation in which we now find ourselves—a condition in which the agricultural interests of the greatest Nation on earth are almost reduced to a state of peasantry while certain banks are piling up untold wealth.

Acting upon my convictions, I arranged for conferences with representative bankers in the Twin Cities and in Chicago for the purpose of canvassing the situation. From the standpoint of a layman, I prepared a series of questions that I wanted to ask the bankers, which questions—being honestly answered—might throw light upon the situation. Before I had finished talking with the bankers of the above-mentioned cities my suspicions had become verified, and from that time on I have felt that I was following the right lead.

After coming to Washington I continued to investigate and study the money and banking problem and am now fully convinced that our financial system, and especially as it has been administered, is at the bottom of the major portion of our troubles. In order to bring the question squarely before the public I introduced a bill bearing on the subject early in the special session of the Sixty-seventh Congress. It is Senate bill 2604. I am somewhat surprised that you have not known my position on the matter since my bill has been before the Senate for so long a period, and since that is so do you not think it is either a confession of ignorance on your part or a matter of presumption to seek to define my position on the question as other than the record shows it to be? I have made several speeches on the subject, and I do not see how they have escaped the attention of one who claims to be so thorough in his study of current issues and economic questions. I might add, the bill is still before the Banking and Currency Committee of the Senate.

Shortly after the bill was introduced I noticed through press reports that the President of the National City Bank of New York was becoming somewhat alarmed with regard to the possibility of legislation of that kind. In an address before the Chamber of Commerce in Boston, Mass., he referred to the legislation and appealed to members of the chamber of commerce to use their influence to counteract any movement along the line indicated in the bill. His position was simply another confirmation of the fact that I was on the right track. Incidentally, he mentioned the names of Mr. Ford and Mr. Edison in connection with the same subject. I think this was the first time I ever knew that Mr. Ford was interested in the money question.

Since that time I have noticed a great many statements in regard to Mr. Ford's position on the money question, but I have not seen where he himself has taken any definite stand as to a complete monetary system for the United States. Therefore it is impossible to answer your question as to whether or not I am in sympathy with Mr. Ford's theory. I do not know what his theory is. I understand he is in favor of the abolition of the present false gold-basis standard, with that I am in thorough accord. As to the clever reference to "soft" money we will pay a little more attention. It occurs to me that a great many people are trying to define Mr. Ford's position for him, just as you evidently tried to do with me in your letter to me, but I am more interested in knowing just what Mr. Ford's position is rather than what you or anyone else say it to be. There can be but little doubt that Mr. Ford has caused a great deal of worry in the camps of special privilege and predatory interests. It would seem to me that his success should recommend his methods to other industrial leaders instead of a constant attempt from all sources at their command to destroy him. Since you choose to line yourself up with those who would destroy him, it is no concern of mine, and is really a matter of small moment. You attempt to prove to me the fairness of your organization in dealing with your recent discussion of the money problem and seek to leave the impression with me that the conference was for the purpose of developing information and learn something of the problem, and you cite the fact that Mr. Ford was invited to join in the discussion, yet in the same remarkable document you declare, in effect, that Ford is all wrong and you attempt to ridicule him. Indeed, it seems that Mr. Ford showed rare wisdom in refusing to come before a jury stacked against him. Had he come I suppose you would hold him up to the public as an

illustration of your "broadmindedness," just as you sought consolation in the statement relative to Prof. Irving Fisher, although I am at a loss to understand just what satisfaction you get out of his connection with the conference.

My speech called for no criticism from you, or anyone else, relative to the racial or religious issue. My criticism of Mr. Warburg and others was a criticism of their acts and connections, and without thought of race. You evidently would like to sidetrack the issue to a question of race and religion. I have found that to be one of the favorite weapons of those who dare not face the real issue. I want you to distinctly understand that I have treated the money problem and the problems of the farmer with a view of the economic issues involved and without reference to race or creed. You, the international bankers, or any of the representatives of their system, will not sidetrack me upon a racial or religious issue, no matter how fascinating it may be to you. I want it fully and definitely understood that you are the gentleman who has raised this question, apparently as a subterfuge for lack of argument, and it is to your everlasting discredit and to the discredit of your organization that you should resort to such methods. I do not wish to appear harsh, but I do want you to understand, my dear Professor, that since you have attempted to raise this issue, which can be for no other purpose than beclouding the real issue, you must bear the responsibility for it. As for your defense of Mr. Warburg, Mr. Meyer, and others, I will have more to say. It matters not to me whether they are Warburgs or Morgans, whenever I feel that their policies and actions are detrimental to the American people I expect to voice my protest and do not propose to be scared off by any bugaboo of a subterfuge argument. Since receiving your communication I have had on my desk several of the back numbers of the publications of your society. I am absolutely unable to agree with you that you do not indulge in propaganda. You warn me against depending upon the Dearborn Independent for my facts. I have never yet done so. But your letter also caused me to look over some of the back numbers of that publication, and I am quite free to admit that it strikes me as being an authority of less prejudice, and of more sound facts than the publications of your society.

You seem to be worried about the statement relative to Mr. Warburg's connection with the Federal reserve system.

I wish to quote the introduction to one of the publications of your organization—the same being a compilation of Mr. Warburg's "Essays on banking reform in the United States." The introduction was written by your noted friend, Prof. Edwin R. A. Seligman, and I feel sure you will accept him as an authority. It is as follows:

"The essays which are here collected and published in book form not only are valuable in themselves, but form a landmark in the history of American contributions to the banking problem. It is in a general way known to the public that Mr. Warburg was in some way connected with the passage of the Federal reserve act, and his appointment to his present responsible position on the Federal Reserve Board was acclaimed on all sides with a rare degree of approval and congratulation; but I fancy that it is known only to a very few exactly how great is the indebtedness of the United States to Mr. Warburg. For it may be stated without fear of contradiction that in its fundamental features the Federal reserve act is the work of Mr. Warburg more than of any other man in the country.

"Up to a very few years ago, virtually all the efforts of the banking reformers in this country were directed to securing what was called elasticity of the currency through the abolition of the bond reserve for bank-note circulation. Neither the report of the Indianapolis monetary conference nor the schemes of the committee of the New York Chamber of Commerce a decade later attempted to do anything more than that; and no single plan seemed to approve itself to the country. The two new ideas which were injected into the discussion by Mr. Warburg were, first, the shifting of the emphasis from the currency problem to the reserve problem, and, second, the advocacy of the principle of rediscounting a new kind of commercial paper.

"The first point is fully explained in the essay on the United States Reserve Bank of the United States. Mr. Warburg recalled to our mind what had been forgotten by most of us, that the real pith of modern banking is the question of the reserve, and that the essential weakness of the American system was the extreme decentralization of resources, resulting in the time of stress or trouble in every individual bank attempting to secure its own solvency in disregard either of the welfare of other banks or of the needs of the business community. In essay after essay Mr. Warburg hammered on this one idea until he got it firmly fixed in the opinion, first of the experts and then of the general public. Without some method of com-

blining the scattered resources of the individual banks it was clear that no essential progress could be made.

"The second point was equally new to the American public, although, like the first, it was a familiar achievement of modern banking reform abroad. Mr. Warburg pointed out that the absence of proper two-name commercial paper and the non-existence of any central bank or banks at which such paper could be instantly rediscounted for cash, compelled the banks either to invest their money in illiquid securities or to loan the funds on the stock exchange, thus producing the remarkable variations in the money rate and bringing about the periodical stringency in the money market.

"After his lucid exposition of what might be accomplished by a rediscounting and thus introducing into the United States the so-called discount policy of European countries, it was gradually realized that this was the second essential feature of banking reform.

"Mr. Warburg also called attention to the advantages of a new currency not based upon the deposit of Government bonds, but he made it clear that this reform, which was the sole objective of all previous schemes, was of only minor importance and that it would follow as a necessary consequence from the adoption of the two fundamental points mentioned above. These two principles form the real backbone of the new Federal reserve law. When the Aldrich commission was appointed it was not long before Senator Aldrich—to his credit be it said—was won over by Mr. Warburg to the adoption of these two fundamental features. The Aldrich bill differed in some important particulars from the present law. It went further in the direction of centralization and it involved less control by the Government of banking operations. The new act is in some details superior to the Aldrich bill; in others inferior. The concession in the shape of the 12 regional reserve banks that had to be made for political reasons is, in the opinion of Mr. Warburg, as well as of the writer of this introduction, a mistake, for it will probably, to some extent at least, weaken the good results which would otherwise have followed. On the other hand, the existence of the Federal Reserve Board creates in everything but in name a real central bank, and it depends largely upon the wisdom with which the board exercises its great powers as to whether we shall be able to secure most of the advantages of a central bank without any of its dangers.

"In many minor respects also the Federal reserve act differs from the Aldrich bill, but in the two fundamentals of combined reserves and of a discount policy the Federal reserve act has frankly accepted the principles of the Aldrich bill, and these principles, as has been stated, were the creation of Mr. Warburg and of Mr. Warburg alone.

"It is this fact which gives especial interest to the present collection of essays which are printed just as they were originally published and which show the gradual development in unimportant points of Mr. Warburg's thought. In weighing the merits of these essays it must not be forgotten that Mr. Warburg had a practical object in view. In formulating his plans and in advancing slightly varying suggestions from time to time it was incumbent on him continually to remember that the education of the country must be gradual and that a large part of the task was to break down prejudices and remove suspicions. His plans therefore contain all sorts of elaborate suggestions designed to guard the public against fancied dangers and to persuade the country that the general scheme was at all practicable. It was the hope of Mr. Warburg that with the lapse of time it may be possible to eliminate from the law not a few clauses which were inserted, largely at his suggestion, for educational purposes.

"As it was my privilege to say to President Wilson when originally urging the appointment of Mr. Warburg on the Federal Reserve Board, at a time when the political prejudice against New York bankers ran very high, England also, three-quarters of a century ago, had a practical banker who was virtually responsible for the ideas contained in Peel's bank act of 1840. Mr. Samuel Jones Lloyd was honored as a consequence by the British Government and was made Lord Overstone. The United States was equally fortunate in having with it a Lord Overstone. And while it is not the custom for America to confer peerages upon its distinguished citizens it is fortunately beginning to become the practice to induce them to accept positions of great public responsibility in which they can at once serve the community and honor themselves.

"It is my special pleasure to be able to write these few words of introduction because it was in my study that Mr. Warburg first conceived the idea of presenting his views to the public. When he began to chat familiarly on the subject he at once impressed his listeners by the importance and novelty of his views. His modesty and his shrinking from public



controversy were so pronounced that it was only with the greatest difficulty that he was persuaded to put his ideas on paper. But having once set out on the task, there was no stopping, and from year to year essay upon essay flowed from his facile pen, giving more precision and point to his fundamental principles, until he was recognized as the real leader in the new movement. The Federal reserve act will be associated in history with the name of Paul M. Warburg, and the Academy of Political Science deem it a rare privilege to be able to present to the public this volume of his collected essays."

It seems to me that this should satisfy you on this point. However, evidence is cumulative. Professor Seligman apparently made every claim he could for Mr. Warburg without offending the sensibilities of those who thought they had some real part in developing the fundamentals of our present currency system.

It is worthy of note, however, that Mr. Warburg, in testifying before a Senate committee on his nomination to the Federal Reserve Board, said that "I have had the success which comes to few people, of starting an idea and starting it so that the whole country has taken it up, and it has taken some tangible form."

It is also worthy of note that in that same hearing Mr. Warburg refused repeatedly to give the committee any information concerning the affairs of his partners, but did testify that different members of his firm supported all three candidates for the Presidency—Wilson, Taft, and Roosevelt. Did that not strike you as being a policy of "safety first."

#### A BANKERS' TRUST.

Referring to my criticism of certain bankers you state "If that conclusion is justified, it is very strange that none of the three bankers you mention took any part themselves in the program of this meeting."

It is not "strange that none of the three bankers mentioned took any part themselves in the program of this meeting." International bankers have never been known to come out personally and tell the people their real plans or ulterior purposes, and as a rule act through agents and mercenaries, hoping to avoid personal responsibility.

You also state, "You know, of course, how easy it is to awaken the farmers' suspicion and antagonism by reference to Wall Street, and so you rehearsed the threadbare tale of the wicked Money Trust and the international bankers, headed by J. P. Morgan & Co., Kuhn, Loeb & Co., and have not hesitated, untruthfully, to associate Mr. Warburg's name with the latter in order to discredit him with the farmer and also to fan the farmer's distrust of the Federal reserve system and of banks in general."

Professor, you have evidently overlooked the fact that a committee, appointed by the Congress of the United States, found that a Money Trust did exist, controlling the money and credits of the United States, composed of the following banks: J. P. Morgan & Co., Kuhn, Loeb & Co., the First National Bank, the National City Bank, all of New York; and Lee Higginson & Co., of Boston and New York; and Kidder, Peabody & Co., Boston and New York. You have also overlooked the fact that Paul M. Warburg was one of the principal members of the firm of Kuhn, Loeb & Co. at this time.

In your anxiety to defend Paul M. Warburg and Eugene Meyer, jr., and the fraudulent gold basis Federal reserve system, you make a gratuitous attack upon Henry Ford, saying that Mr. Ford has "a theory that the solution of agricultural financing is to be found in the issue of 'soft' money." I know of no such statement being made by Mr. Ford, but since you have used the term "soft money" I should like you to explain what you mean by "soft money."

The time for "soft concealments" on the money question has passed. International bankers will have to face the issue of real money against false money. Will you answer the following questions?

Do you believe in real money; that is, lawful money issued by the Government of the United States? Or do you believe in false money, bank credits, created and loaned by banking corporations for their private gain?

A frank answer will show whether you stand on the side of the banks or the side of the people.

#### QUICK RESULTS.

I notice your statement, "Our quick return to the gold standard and the placing of business on a solid basis, in which the forces of supply and demand are working unhampered." Professor, it would seem that you and your organization have not realized that over 90 per cent of the debts placed upon the resources and people of the different countries of the world have

been created by banks and banking corporations creating debts by the loaning of a bank created and bank controlled false and fictitious substitute for lawful money; called in Europe "money of account," and in this country "bank credits," which means money having no existence, and represented only by credit and debit figures on the books of banks.

It would seem that you gentlemen are looking so hard at the gold fly on the barn that you fail to see the barn of "bank credits," and that gold is the fly in the ointment of civilization.

You do not seem to realize the fact that the value of the dollar, or money, is not in the gold but in the purchasing power of the dollar.

Irving Fisher, professor of political economy at Yale University, whom you mentioned, after teaching for many years that gold was the standard of value and "that 25.8 grains of gold fixes the purchasing power of the dollar," has made the following admission: "In fact, I am very strongly of the opinion, based on considerable study, that the present high cost of living is largely ascribed to this check inflation, which is going on all over the world. They are increasing daily all over the world. I believe the rise in price is about half due to that alone. I am very glad you mentioned that, Senator, because, while I think the expansibility and contractibility of the currency, of the money, is important, the expansibility and contractibility of the 'credit' is the much more important."

To refresh your memory and to prove that the dollar and not the 25.8 grains of gold is the unit of value, I will quote from the law that established the dollar as the money unit of value in the United States, passed by Congress April 2, 1792, section 9: "Eagle, each to be of the value of \$10 or units; half dollars, each to be of half the value of the dollar or unit."

"And be it further enacted, That the money of account of the United States shall be expressed in dollars or units, dimes or tenths, cents or hundredths, mills or thousandths. A dime being the tenth part of a dollar, a mill a thousandth part of a dollar, and that all accounts in the United States shall be kept and had in conformity to this regulation."

This act establishes \$1 as the legal unit of value in the United States, and says that when gold is coined into a dollar, or money unit, it shall contain 25.8 grains of gold, and that this gold shall be weighed according to the standard used at the mint for weighing gold before being coined into money units or dollars.

There is only one standard of value in a money system, and it has been fully recognized by all honest and reliable authorities on money. Plainly stated, the standard of value in a money system is regulated by the number of dollars, or money units, in circulation in the monetary system of the country issuing them. "The value of money in any one country is the present quantity of the current money in that country in proportion to present trade."

Your expression "Our quick return to the gold standard" is erroneous, as there is no such thing as a gold standard; you evidently meant our quick return to the gold basis of our money system, which enables banks, under the pretext of protecting their gold reserves, to limit the supply of money in actual circulation and say how much or how little credit the people shall have. This puts our money system absolutely in control of international bankers and banking corporations.

Gov. W. P. G. Harding, of the Federal Reserve Board, exercised this infamous power and plainly stated to the representatives of the farmers that he could do nothing to help agriculture, because the gold reserve had fallen to 40 per cent and that he had to protect it as provided in the Federal reserve act. This meant that deflation had to go on to protect this fraudulent gold basis of our present money system. In other words, about \$8,000,000,000 in the value of farm products had to be destroyed; yea, more than this, the entire legitimate business of over a hundred million people had to be paralyzed, followed by bankruptcy and ruin, to protect this fraudulent gold basis Federal reserve system.

You refer to Europe still being in the throes of violent economic disturbance. These disturbances are due to the efforts of international bankers to put Europe back on the fraudulent gold basis and protect the billions of debts that have been dishonestly created upon the people of Europe by the loaning of bank credits, a fictitious substitute for money.

The best way for the United States to help Europe is to establish an honest money system, as provided in the Constitution of the United States, and call upon the people of Europe to follow our example.

#### SERVANTS OF THE PUBLIC.

You speak of Mr. Warburg and Mr. Meyer as "servants of the public." Mr. Warburg admits that he started his public work for financial reform in this country in 1906, and admits

that he did not become an American citizen until 1911, filing his first papers in 1908. That fact does not seem to me to be consistent with your testimony of his great public-spirited Americanism. It was officially found that since Mr. Warburg became a member of Kuhn, Loeb & Co. in 1902, up until 1912, that Kuhn, Loeb & Co. acquired an interest in 23 banks and trust companies, in addition to what they already held. Was Mr. Warburg engaged in great public service when he was engaged in this amalgamation, or was he after the dollar and its power? Was he engaged in great public service when the Pujo committee found his firm to be one of those that constituted the Money Trust? The elections of 1910, 1912, 1918, and 1920 did not seem to indicate that the people held the situation as lightly as you seem to when you speak of "the threadbare tale of the wicked Money Trust." The elections of 1922 should also bear some message to those who persist in those same kind of policies.

You deplore any effort to "fan the farmer's distrust." You economists, theorists, and bankers have held the financial destiny of this Nation in your hands for over half a century. To where have you led the farmer? Since the inauguration of the Federal reserve system in 1914 the mortgage indebtedness of the farmers in this country has increased over 25 per cent, and the farmers are less able to pay a debt to-day than they were in 1914; on the other hand, the assets of the banks have increased in an amount in excess of our war indebtedness. Do you not think it time that the farmer begins to look with suspicion upon his "financial saviors"? If that is the kind of help you propose for the farmer, it is high time that some one "fan his distrust."

How do you account for the increasing prosperity of the banks, prosperity on such a large scale, while at the same time, under the same law, the farmer is consistently going into debt and now faces a condition where papers all over the country are carrying full-page advertisements of notices of foreclosures on farm property? Even now the authorities on the Federal reserve act are admitting that it was not framed to meet the needs of the farmers, and there are even those who decry any amendment the purpose of which is to meet the needs of the farmers. Do you believe in denying him on every hand? What have you offered him that is constructive? Yet you seem to think that instead of warning him against his enemies that we should lull him into security.

For fear that you may think I am ignoring it, I will state that I do not agree with your conclusions that the War Finance Corporation has been such a tremendous aid to the farmer. I am glad to get your admission, however, that it is the creature of Mr. Warburg. Some time I hope to give that organization a full discussion, and think that I will be able to show that primarily it has been operating for the benefit of the banks. Neither do I agree with your conclusions about the little State banks. It is a great pity that all of our banking institutions are not imbued with the same spirit of service as are these little State banks.

As evidence of Mr. Warburg's continued interest in the Federal Reserve Board, I refer you to the Manufacturers' Record for January 4, 1923.

If you have any doubts about the connections of certain financiers and about the present existence of a Money Trust, I invite your attention to a resolution introduced by Representative SINCLAIR, of North Dakota, which proposes and investigation of that very question. If the bankers feel that they have been maligned, why do they not get behind the passage of this resolution, instead of being content that it slumber in the committee?

Can it be possible, Professor Lindsay, that you have again been looking through the colored glasses until your vision has become more distorted than when you appeared before the Lockwood committee in the interests of the New York landlords, maintaining there was no serious housing problem in New York? Certainly as a propagandist you are now rendering greater service to Wall Street bankers and financiers than was given the landlords, for which propaganda they should give you a far more substantial retainer than that alleged to have been allowed by the landlords.

I assure you, my dear professor, I should not have made any reference to propaganda had you not sought by implication at least to indicate that I had, "as a scientist, teacher, educator, former college president, and editor," deserted my former high standard to employ propaganda.

You may criticize my humble effort in behalf of the farmers as bad propaganda and myself as a disciple of worthy men who, like both of us, from time to time may be misguided by well-greased and insidious propaganda where we had least expected it.

[From the Manufacturers' Record, January 4, 1923.]

PROPAGANDA OF NEW YORK BANKING INTERESTS TO CONTROL APPOINTMENT OF NEW GOVERNOR OF FEDERAL RESERVE BOARD.

On December 15 the presidents of some national banks in the South, possibly most of the leading ones and probably others throughout the Union, received the following telegram, incorporated in a letter asking them please to take action along the line suggested:

(Copy.)

"Have received following telegram from Mr. Paul Warburg, which I most heartily indorse, and hope you will act accordingly:

"Saw Harding here yesterday, who stated to me that in view of congressional situation we must consider his name as definitely eliminated. Under these circumstances think it is most important that letters or telegrams be sent to Mr. Mellon, or possibly to the President, urging the vital importance of appointing to the board and to the governorship a man who would have the confidence of the people as being conversant with and trained in the handling of large banking affairs. A man of independence and strength is an absolute necessity unless the confidence in the system and its integrity is to be entirely destroyed. There is growing alarm concerning this amongst all business men and bankers, and I think the Secretary, and possibly also the President, ought to be immediately advised as to this. I suggest that you send telegrams yourself as chairman of the council on these lines, and also communicate with the other council members to take prompt steps in their districts."

The council referred to in this telegram is the advisory council of the Federal Reserve Board. To any man of intelligence the telegram explains itself. It should be remembered that it was sent by Mr. Paul Warburg, an international banker of New York, and to a southern member of the Federal reserve advisory council. This telegram shows that Mr. Paul Warburg is definitely, continuously, and aggressively attempting to perpetuate his practical domination over the banking situation in the United States as far as that is feasible through the Federal reserve system. It shows that having despaired of landing Mr. W. P. G. Harding to succeed himself as head of the Reserve Board, Mr. Warburg has been endeavoring to obtain some substitute who, if he under Mr. Warburg's influence should be put at the head of the Federal Reserve Board, would naturally be subservient to Mr. Warburg's wishes.

It will be remembered that this Mr. Warburg has a rather interesting history in connection with the Federal Reserve Board. When the reserve board act had been passed the country suddenly became filled with a propaganda emanating apparently from New York, and through New York newspapers, to the effect that the only man in this country who was sufficiently acquainted with international banking affairs to become the governor of the Federal Reserve Board was Mr. Paul Warburg. Mr. Warburg, it may be remembered, had only recently become a citizen. Indeed, he had not been a long resident of this country. He was a brother of the Warburgs, the great banking firm of Germany which was so largely identified with the financing of Germany during the war. It was an amazing proposition that this country in the organization of its great banking system, supposed by the public to be for the purpose of freeing the country from the domination of international banking interests, should select as the first governor of the Federal Reserve Board and the active man in its organization work a former German banker so recently a citizen of this country and so intimately identified with a German banking firm, which for many years has been one of the most conspicuous banking houses of Germany.

When the most amazing propaganda which we have ever seen put forth in behalf of any one man flooded this country in behalf of the nomination of Mr. Warburg, the Manufacturers' Record expressed its astonishment and marveled that the newspapers of this country should so easily fall into the trap of accepting such propaganda. Among the things said of Mr. Warburg, whose citizenship was of such recent origin, was that though he had an income of \$500,000 from his interest in the firm of Kuhn, Loeb & Co., he was, out of a spirit of patriotism, willing to give up that princely income and take a salary of \$12,000 as a member of the Federal Reserve Board. There are some things that happen in this world that tax credulity and which on the very face one would think would cause newspapers to refuse to swallow such stuff; and yet that statement was published by some American papers. We can not for a moment imagine that Mr. Warburg could have been responsible for putting forth so asinine a statement, and yet it was published and some people believed it.

During Mr. Warburg's term of office in the Federal Reserve Board he was able very largely to shape the operations of that



board. Indeed, the record shows that Mr. Warburg was particularly active in the formation of the Federal reserve act and that from the day of the institution of the Federal reserve system until the present time he has either directly or indirectly been a large factor in controlling its administration.

Mr. Warburg's telegram, sent to a member of the council in order that he might send it broadcast to bankers and urge them to wire or write to the President and Secretary Mellon, is a piece of impertinence to the President and to the country. Perhaps Mr. Warburg had the idea that the public would not know that the letters and telegrams which would be sent to the President and to Secretary Mellon were the outcome of his propaganda, and were worth less than the paper upon which they were written. It was an insult to the President to undertake in this way to create a propaganda in order to give the President an impression that the country was insisting that he should be guided by the views of Mr. Warburg and his associates who had so largely dominated the Federal reserve system. Indeed, it looks as though Mr. Warburg and his friends having found that it was impossible to have Mr. W. P. G. Harding confirmed if renominated, have been seeking to impose upon President Harding. Perhaps they desired to secure some other man who would pose as a patriot willing to sacrifice large financial interests for the sake of public service, whom Mr. Warburg might indeed have put forward to save large and avaricious groups who have thrived, and who doubtless hope to continue to thrive, in manipulating the finances of this country.

The administration of the Federal reserve system is not so much a training in large banking affairs, as Mr. Paul Warburg suggested in his telegram, as it is one of common sense and common honesty. Unquestionably this view has been presented to the President by men who are sincerely interested in stopping the wave of distrust which has manifested itself throughout the country as to the administration of the reserve system in the past few years. Many leading bankers as well as business men everywhere realize that the Federal reserve system is at stake, not for the reasons stated by Mr. Paul Warburg, but because of the mismanagement of that system, now almost universally recognized by the leading economists of this country and Europe as having been responsible for the business chaos of the world.

Mr. Warburg need not worry about "the confidence in the system and its integrity" being destroyed unless he should succeed in naming the governor of the board. That is the one thing that would destroy whatever confidence is left in the system. The public has had all it wants of Warburg control and all it wants of the management of the Federal Reserve Board in the interests of the big international banking houses of New York whose influence over the board has aroused such a storm of protest as to endanger the very existence of the whole system. The W. P. G. Harding régime, following shortly after the control of the board by Paul Warburg, who still is chairman of the Federal reserve advisory council, has well-nigh destroyed all faith that the American people had at the start in a Federal reserve system as a method to relieve the Nation from the domination—and we might say, damnation—of the international banking houses of New York.

We repeat that Mr. Warburg's telegram seeking to have bankers throughout the country write or wire the President is a piece of impertinence and an insult to the President and to the country.

#### INTEREST RATES OF FEDERAL RESERVE BANKS (S. DOC. NO. 291).

Mr. SMOOT. Mr. President, a communication from the Acting Governor of the Federal Reserve Board, transmitting, pursuant to Senate Resolution 335, information relative to interest charges of Federal reserve banks located in Atlanta, St. Louis, Dallas, and Kansas City, was handed down yesterday and now lies on the table. I ask that it be printed as a public document.

Mr. HEFLIN. Mr. President, I have not had a chance to examine the report. I wrote to the acting governor of the board, telling him what sort of minute detail I wanted him to go into in making the report; that I did not want averages given as to the per cent charges of the banks but I wanted the specific information in each particular instance. I have not had an opportunity to see whether that has been done or not. Of course, that would not interfere with the request made by the Senator from Utah. If the reply is not what I wanted, I can take it up later and require the Federal Reserve Board to obtain the information desired.

Mr. SMOOT. I think the Senator will find it is most complete.

Mr. HEFLIN. Does it give the names of the banks and the rate of interest charged to each bank on loans and discounts?

Mr. SMOOT. It gives the amounts charged but it does not give the names of the banks. I think it would be very unwise to do that. The Senator, I suppose, could get the names of the banks. In fact, if the names of the banks were given in the report submitted here, I think it would cause a panic in the cities in which they were located, so far as the particular banks were concerned. I know the Senator from Alabama does not want to bring on any trouble in any bank, no matter where located in the United States.

Mr. HEFLIN. No; the trouble has already been brought on, and that is what I have been saying here for months, that the financial distress and business disaster were produced by the taking of money out of circulation and calling loans, and also by charging high and oppressive interest rates during the terrible drive of deflation.

Mr. SMOOT. The report will speak for itself. I think it is worthy of publication, and I think the Senate will be very much interested in it.

Mr. HEFLIN. What I was seeking and what I have in mind is that if the report is not as full as I want it to be and does not comply fully with the resolution, I am going to make an effort to have a resolution passed to make the board comply and give all the information that was sought. I am frank to say to the Senator from Utah that I intend to seek to have the money wrongfully collected from various individuals and banks paid back to them.

Since I condemned the unconscionable rates charged to people in Alabama and other States of the South and West in some instances, the interest above 12 per cent has been returned. It ought to be returned in all cases.

Mr. SMOOT. The money has already been paid back to the banks.

Mr. HEFLIN. No. I understand the interest charged above 12 per cent has been paid back in several cases.

Mr. SMOOT. The Senator is wrong again, but I do not want to get into any discussion with him about that now. I ask that the communication may be printed as a public document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it will be printed.

#### DEPARTMENTAL USE OF AUTOMOBILES.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of War, as chairman of the Council of National Defense, in response to Senate Resolution 399, agreed to January 6, 1923, relative to the number and use of automobiles by the Council of National Defense, which was ordered to lie on the table.

#### PETITIONS AND MEMORIALS.

Mr. LODGE presented the petition of Michael Cashman, mayor, and sundry citizens of Newburyport, in the State of Massachusetts, praying for the enactment of legislation to admit Armenian refugees to the United States, which was referred to the Committee on Immigration.

Mr. CAPPER presented a resolution of Lodge No. 1212, United Brotherhood of Carpenters and Joiners, of Coffeyville, Kans., protesting against the passage of legislation amending the immigration laws so as to admit foreign labor until the unemployed in the United States secure employment, which was referred to the Committee on Immigration.

Mr. LADD presented the petition of Mrs. Adolph Samuelson and 20 other citizens of Sheyenne, N. Dak., praying for the enactment of legislation reviving the Government Grain Corporation, so as to stabilize the prices of wheat, which was referred to the Committee on Agriculture and Forestry.

He also presented resolutions adopted by Powers Lake National Farm Loan Association, of Powers Lake; Dunn Center National Farm Loan Association, of Dunn Center; and Central Farm Loan Association, of Dickinson, all in the State of North Dakota, protesting against the passage of the so-called Strong and Norbeck bills amending certain sections of the Federal farm loan act, which were referred to the Committee on Banking and Currency.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JONES of Washington:

A bill (S. 4370) granting a pension to Clara Morilon (with accompanying papers); to the Committee on Pensions.

By Mr. CURTIS:

A bill (S. 4371) granting a pension to Margaret Hardesty (with accompanying papers);

A bill (S. 4372) granting a pension to Emma J. Berry (with accompanying papers);

A bill (S. 4373) granting a pension to M. L. Ralston (with accompanying papers);

A bill (S. 4374) granting a pension to Albert F. Ponath (with accompanying papers);

A bill (S. 4375) granting an increase of pension to Caroline Bemore (with accompanying papers);

A bill (S. 4376) granting an increase of pension to Harvey C. Myers (with accompanying papers); and

A bill (S. 4377) granting a pension to Jesse Dobyns (with accompanying papers); to the Committee on Pensions.

By Mr. LENROOT:

A bill (S. 4378) granting a pension to Fannie N. Brooks; to the Committee on Pensions.

By Mr. NELSON:

A bill (S. 4379) to amend section 1709 of the Revised Statutes of the United States, as amended; to the Committee on the Judiciary.

By Mr. LENROOT:

A bill (S. 4380) granting a pension to Emma L. Perry; to the Committee on Pensions.

By Mr. WADSWORTH:

A joint resolution (S. J. Res. 271) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

#### AMENDMENT OF RURAL CREDITS BILL.

Mr. McNARY. I submit at this time an amendment intended to be proposed by me to Senate bill 4280, which is pending. The amendment I submit is on page 10, line 18, to strike out "\$250,000" and to insert "\$150,000," so as to read:

SEC. 7. That no corporation organized under the provisions of this act shall be permitted to commence business with a paid-up capital of less than \$150,000.

I simply submit the amendment at this time and ask that it may lie on the table.

The VICE PRESIDENT. The amendment will lie on the table.

#### THE MERCHANT MARINE.

Mr. McKELLAR submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes, which was ordered to lie on the table and to be printed.

#### STANDARDS FOR HAMPERS, BASKETS, ETC.

Mr. KING submitted an amendment intended to be proposed by him to the bill (H. R. 7102) to fix standards for hampers, round stave baskets, and splint baskets for fruits and vegetables, and for other purposes, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

#### AMENDMENTS OF INDEPENDENT OFFICES APPROPRIATION BILL.

Mr. POINDEXTER submitted an amendment providing for the construction of a national archives building in Washington, D. C., on square east 88, including mechanical equipment, and the drafting of plans and specifications, which plans and specifications shall provide for a building not to exceed \$2,500,000 in total cost, \$500,000 of said sum to be disbursed and the building to be erected under the direction and supervision of the Supervising Architect of the Treasury, intended to be proposed by him to House bill 13696, the independent offices appropriation bill, which was ordered to lie on the table and to be printed.

Mr. McNARY submitted an amendment proposing to appropriate \$10,000 to enable the United States Geographic Board to begin the preparation of a gazetteer or dictionary of place names in the United States and Alaska, to comprise the names of mountains, rivers, valleys, canyons, and other natural topographic and relief features, and also the names of all towns, cities, counties, and political divisions, and so forth, intended to be proposed by him to House bill 13696, the independent offices appropriation bill, which was ordered to lie on the table and to be printed.

#### INVESTIGATION OF CROP INSURANCE.

Mr. McNARY submitted the following resolution (S. Res. 413), which was referred to the Committee on Agriculture and Forestry:

Resolved, That the time for making report required of the committee appointed under Senate Resolution 341, agreed to September 9, 1922, is hereby extended to January 1, 1924.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the Speaker of the House had signed the following enrolled bills and joint

resolution, and they were thereupon signed by the Vice President:

S. 3177. An act declaring a portion of the West Fork of the South Branch of the Chicago River, Cook County, Ill., to be a nonnavigable stream;

S. 4031. An act to authorize the construction of a bridge across the Little Calumet River, in Cook County, State of Illinois, at or near the village of Riverdale, in said county;

S. 4032. An act granting the consent of Congress to the State of Illinois, department of public works and buildings, division of highways, to construct, maintain, and operate a bridge and approaches thereto across the Kankakee River, in the county of Kankakee, State of Illinois, between section 5, township 30 north, and section 32, township 31 north, range 13 east of the third principal meridian;

S. 4033. An act granting the consent of Congress to the State of Illinois, department of public works and buildings, division of highways, to construct, maintain, and operate a bridge and approaches thereto across the Kankakee River, in the county of Kankakee, State of Illinois, between section 6, township 30 north, and section 31, township 31 north, range 12 east of the third principal meridian;

S. 4069. An act to authorize the construction of a railroad bridge across the Colorado River near Yuma, Ariz.;

S. 4096. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the enunciation of the Monroe doctrine;

S. 4131. An act granting the consent of Congress to the city of Sioux City, Iowa, and to Union County, in the State of South Dakota, to construct, maintain, and operate a bridge and approaches thereto across the Big Sioux River at a point about 2½ miles north of the mouth of said river, between section 14, township 89, range 48, Woodbury County, Iowa, and section 15, township 89, range 48, Union County, S. Dak.;

S. 4133. An act granting the consent of Congress to the State of North Dakota and the State of Minnesota, the county of Pembina, N. Dak., and the county of Kittson, Minn., or any of them, to construct a bridge across the Red River of the North at or near the city of Pembina, N. Dak.;

S. 4172. An act to authorize the building of a bridge across the Great Pee Dee River in South Carolina;

H. R. 13559. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1924, and for other purposes; and

S. J. Res. 258. Joint resolution providing for the filling of a vacancy in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress.

#### CALL OF THE ROLL.

Mr. HARRISON obtained the floor.

Mr. UNDERWOOD. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gerry	McKinley	Smoot
Bayard	Hale	McLean	Spencer
Borah	Harrell	McNary	Stanfield
Brookhart	Harris	Moses	Sterling
Caldor	Harrison	Nelson	Sutherland
Cameron	Heflin	New	Swanson
Capper	Johnson	Nicholson	Trammell
Colt	Jones, Wash.	Norbeck	Underwood
Couzens	Kellogg	Norris	Wadsworth
Culberson	Kendrick	Oddie	Walsh, Mass.
Curtis	Keyes	Overman	Walsh, Mont.
Dial	King	Owen	Warren
Ernst	Ladd	Pepper	Watson
Fernald	La Follette	Phipps	Weller
Fletcher	Lodge	Reed, Pa.	Williams
France	McCormick	Sheppard	Willis
Frelinghuysen	McCumber	Shields	
George	McKellar	Simmons	

Mr. WILLIS. I wish to announce that my colleague [Mr. POMERENE] is absent on account of illness. I ask that the announcement may stand for the day.

Mr. DIAL. I desire to state that my colleague [Mr. SMITH] is detained on account of illness. I will let this notice continue through the day.

The VICE PRESIDENT. Seventy Senators have answered to their names. A quorum is present.

#### PROBLEMS RELATING TO REFORESTATION.

Mr. HARRISON. Mr. President, conservation of our natural resources is vital to the life of the Nation. No natural resource is more susceptible to depletion or destruction than is our supply of timber. Within the last half century our forests have been cut with recklessness and magnitude experienced by no other country. Certain sections that once embraced vast, beauti-



ful, and valuable forests have been denuded; other sections, with a supply of timber once thought to be inexhaustible, are being invaded and destroyed without thought of present or future.

It is estimated that five millions of acres of forests in the United States are cut and ten millions of acres are burned annually. It is estimated that in the United States there are 460,000,000 acres of forest lands, and that already 70 per cent of it has been logged of its virgin timber; that 24 per cent contains to-day only a partial and irregular growth of culled timber of useful sizes; 29 per cent has been stripped clean of merchantable products; and that 17½ per cent of our forest area, or an aggregate of 81,000,000 acres, has been stripped of its merchantable timber, burned over, and is lying practically idle, being known as unproductive land.

Sawmills that once operated in the great northern section and in New England found it necessary more than two-score years ago to move their base of operations to the States bordering along the South Atlantic and Gulf coast, and have now found it necessary to remove into the great forests of the far West. At the present rate and the present policy it will be only a few years until the supply of timber in this once wooded country will be exhausted and our home builders and industries will be compelled to go to Siberia or South America for their supply of timber. Under these circumstances the question of the conservation of our forests and of reforestation looms up as one of the big and pressing problems of to-day.

Our Government has done less than any civilized country in the world toward the conservation of our forests and the adoption of a comprehensive and wise policy of reforestation. We have had in the Department of Agriculture a bureau on forest service, and that bureau, with the funds that have been allotted to it, has performed the responsibilities incident to it in a very praiseworthy manner. The situation does not grow out of the fact that the Forest Service has not performed its mission. The trouble is, and has been, that this great Government, rich in its vast natural resources and the ability and ingenuity of its people—a country that has led all others in so many lines and in the development of industries and the broadening of influence and the advancement of civilization—has never adopted, so far as our timber resources are concerned, any fixed policy of conservation and reforestation.

The Forest Service of the Agriculture Department has procured much valuable data with reference to the progress made by other countries in conserving their timber resources; but it has in the most part confined its operations to the administration of our national forests. What this Government must do is to realize the necessity of dealing with this great problem in a large, comprehensive way, and to adopt a policy that will meet the approval of economists, as well as persons who are interested in the timber, and that will appeal to the good sense, justice, and progressive spirit of all the States. It is a question that should appeal to the Federal Government in a larger degree than to any State, because the question of a supply of lumber or timber or wood pulp affects those citizens of the United States who live in sections that were never or may not now be possessed of any forests the same as those who live in the great forest States of the country. It affects the person who reads his newspaper, or builds his home in a city, or the railroad magnates who construct their railroads through the plains of the great Middle West the same as it does the man who might be interested directly in the forest from which the wood pulp, or crossties, or timber, or lumber is cut.

Although it has been demonstrated that through a policy of planting new trees, keeping forest lands free of debris and accumulations, or fire protection, a forest can be maintained through its gradual growth at high value and, at the same time, insure large returns from economic cuttings, there are few States that have given any thought to the matter of legislation, either to protect the forests from fire, or tending toward a policy of reforestation. There is no better time than to-day for the Congress to begin a thorough investigation and study of the many questions involved in this great problem, and to recommend a comprehensive and broad and wise economic policy of conservation and reforestation, so that the National Government can cooperate with the States, and those States in which forests are located can enact uniform laws, so far as the conditions will warrant, toward conserving the timber we have and making possible more in the passing of the years.

The delay thus far has cost the timber owners and the home builders and the lumber users and the American people as a whole billions of dollars. I tremble at the thought that the

day may come when we must depend on foreign countries for the lumber to shelter our people and the materials that go into the maintenance and development of our many industries.

The resolution submitted by me some days ago, and which has received the unanimous approval of the committee, will come before the Senate to-day or to-morrow, and I hope that it may receive the unanimous indorsement of this body, so that this great problem may be studied, that the recommendations of any committee appointed under the resolution may be adopted by the Congress, and that a fixed policy upon the part of this Government of conservation and reforestation may be inaugurated.

#### RURAL MARKETING AND CREDIT FACILITIES.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 4280) to provide credit facilities for the agriculture and live-stock industries of the United States; to amend the Federal reserve act; to amend the Federal farm loan act; to extend and stabilize the market for United States bonds and other securities; to provide fiscal agents for the United States; and for other purposes.

The VICE PRESIDENT. The pending amendment is the amendment proposed by the Senator from Florida [Mr. TRAMMELL], which will be stated.

The READING CLERK. On page 6, in line 13, after the word "market," it is proposed to strike out the period, insert a comma, and add—

or upon a note secured by a mortgage on real estate, in an amount not exceeding 50 per cent of the value of said real estate.

Mr. TRAMMELL. Mr. President, the amendment submitted by me proposes that mortgages upon real estate in an amount not exceeding 50 per cent of the value thereof shall be acceptable as an additional class of security by the banks created by the pending measure. As stated on yesterday, the bill in its present form, without such an amendment, will restrict the proposed banks to the acceptance of warehouse receipts upon nonperishable products—that is one class—and to the acceptance of chattel mortgages upon live stock which is being fattened for market. Those are the only classes of securities which the banks that are contemplated under the provisions of this measure will be allowed to accept as collateral upon which to make advances to the agricultural interests of the country. I submit that the bill restricts too greatly the character of collateral which may be accepted by the proposed banks.

As stated yesterday, the measure is heralded as one designed to provide financial facilities to assist the agriculturists of this country, and yet there is not a line or a provision in the entire measure which will render any assistance whatever to those engaged in the production of perishable products. I could see some reason for such a discrimination if it were true that those engaged in the production of perishable products could not furnish ample security upon which to obtain advances from the banks contemplated under the proposed system, but such condition does not exist. Those engaged in the growing of fruits and of vegetables, which of course are perishable products, have their real property which is utilized in connection with their operations and which furnishes ample security for advances that might be made to them through this system.

I have proposed that they may give mortgages upon their realty, making the maximum amount not exceeding 50 per cent of the value of such realty, and in that way receive some assistance in carrying on their agricultural industry through the system which is proposed. I can not comprehend why such a plan should meet with opposition. If we shall not adopt a measure of this character, we will leave absolutely without any assistance those who are engaged in the production of fruits and vegetables.

The growing of fruits and vegetables is not a great industry in some States, but in others it is the principal agricultural industry. In my State, for instance, when we refer to agriculture we embrace thousands and thousands of growers engaged in the production of citrus fruits and vegetables. Considerable staple farming is done in Florida. These farmers are deserving of encouragement.

In the northern part of the State, where there is as fine farming lands as are to be found in any of the States, cotton is produced to a considerable extent. This measure, I hope, will assist the cotton growers in that part of the State. It will assist them to the extent, at least, of enabling them to obtain advances when they have produced their cotton and placed it in warehouses and received warehouse receipts for it; but probably 80 or 90 per cent of all those engaged in agriculture within the borders of my State will derive no benefit whatever under the system proposed to be established by the pending bill.

They are precluded entirely; and this will apply in many other States where the production of nonperishables constitutes a very large part of the agricultural industry.

I think the security authorized under my amendment would be just as good security as any that is required under the other provisions of the bill. To authorize a bank to accept security of such a character would in no way impair the stability of the bank, and instead of detracting from the system in localities where they have diversified industries, as in my State and in many other States of the Union, it would help to strengthen and build up the system, because it would bring in a much greater number of those engaged in agricultural pursuits. It would help to develop those industries. Those engaged in the production of nonperishables would cooperate with those engaged in the production of perishables, and a strong, stable institution would be built up; whereas, upon the other hand, if we limited the benefits to furnishing advances upon non-perishable products after they are produced, we probably would have a weak institution.

I have been unable to see, also, why the measure denies the privilege of securing loans to those who are engaged in the production of nonperishables during the period of the planting, the growing, the producing, and the harvesting of those non-perishable products. In some States it takes practically a year to produce a crop. In fact, in some States, referring to staple crops, it is said that it takes 13 months to produce a crop. If the farmer is left during all that period without any financial assistance, he is very greatly hampered in the matter of producing the products to the point of harvesting and depositing them in a warehouse so that he may come under the system proposed by this measure and obtain advances from the banks authorized by the bill.

We say, "We will not assist you financially until after your crops have been harvested and stored in the warehouse." The farmer, unless he is a man of means and has a lot of idle capital, necessarily has to obtain financial assistance during the time that he is growing the crop. If he can not go to what are called the farmers' banks to be created under this measure and obtain advances during that period upon ample security, then necessarily he is forced to go into other financial channels for the purpose of obtaining the money to produce and harvest his crop. Then he would be subjected to the payment of such interest as may be required in financing his crop through other channels; he would be subjected to the greed of the speculator and the buyer who makes advances with a view to purchasing crops, and frequently purchases them while they are in course of production. We would say to him, regardless of his security, that security is not made eligible for an advance through the banks contemplated by this system throughout the entire period of production. Then, we only extend that privilege to him after the crop has been harvested and deposited in the warehouses. Even upon a perishable crop, during a period of more or less financial depression and hardship to the farmer, by the time he reaches the time for marketing his crop he is very largely crippled. He already is probably bound down hand and foot with his financial obligations necessitated in the production of that crop, and we refuse to throw him a lifeline, even at the eleventh hour, under the provisions of this bill.

That is what it amounts to. In many instances it will not be a life line until the eleventh hour has passed, who has been compelled to go through the most trying and distressing time because he has had to finance his entire operations during the period that he is creating the wealth represented in the crops which later on we say we will accept as security. Under the amendment proposed by me, if he has realty, and it is ample security, he will be authorized to go to the bank and get an advance, of course being subjected to the requirements and the regulations of the bank, to assist him in carrying on his operations during the period of production.

I am unable to discern the difference between making an advance during that period and making it after the crop has been harvested and has been placed in the warehouse. Certainly the advance should be authorized when he can furnish ample security.

This is not a question of any gift by the Government to anyone. The Government is not engaged in making charitable donations and contributions to the agricultural interest of our country under this bill. The agricultural interest of this country does not seek any such policy on the part of the Government. The farmer has to pay interest when he gets his loan, and it is contemplated under the provisions of this bill that he shall pay interest at the legal rate required in the State in which he is doing business. He is not given a loan at any less rate of interest than that provided by law for all other banking institutions within the State. So, if we are

making him pay for what he gets, and then if we are going to announce that we are enacting legislation to facilitate the financing of the agricultural interest of this country, let us take some action worth while, some action that will really benefit the farmer and assist him in carrying on his agricultural pursuits. We will give him a very small measure of relief if we restrict it to the character of securities authorized and made negotiable under the provisions of this bill; so why not give him an opportunity to get an advance upon his real estate, secured by a mortgage, which constitutes as good security as can possibly be furnished?

On reading the bill, I find that the committee is not so adverse to the idea of mortgages on real estate. Some contention was made here yesterday in opposition to the idea of real-estate mortgages, probably on account—it was so alleged—of the length of time that it would take to foreclose and make collections. The committee, however, did not seem to find that objection in writing a certain clause in the bill on page 8, when they referred to securities given for herds of cattle. We find, in the paragraph to which I am referring on page 8, that it is provided that if the herd of cattle upon which the chattel mortgage is given represents in value an amount equal only to the amount of the loan, additional security can be given in the way of a mortgage upon real estate; so it is recognized already in the provisions of the bill that a mortgage upon realty constitutes at least some character of security that shall be recognized under those circumstances.

I should like to ask, How is a mortgage upon realty to be enforced under those circumstances? If it is to be contended that we should not have a mortgage upon realty on account of the delay in enforcing it, then why should the committee ever have recognized the policy of accepting mortgages upon real estate under any circumstances? The committee has recognized it in the instance of mortgages upon herds of breeding cattle. What I desire is for the Congress to pass some legislation of real help and benefit to the great agricultural interests of the country; and we can do it, in my opinion, without jeopardizing sound financing. We can do it without jeopardizing the interests of the Government in the least. Then why not do it? Why should the Senate try to hedge about this measure so as to give but a very limited degree of relief to our agricultural interest? Why establish a system of banks for the purpose of assisting agriculture, and then so circumscribe that institution with provisions with regard to the character of securities that will be accepted that the banks can not perform their full function and give the relief which should be given to the American farmers?

Take the West, with its great territory engaged in the production of grain. I do not imagine that the farmer of the West is going to feel that Congress has quite measured up to the full demands of his industry when we pass legislation that does not authorize him to use a mortgage upon his farm to secure advances with which to produce his crop. I should like to know why it was that the committee would not give him that opportunity and privilege through this banking system that they claim is for the interest of the agriculture of the United States.

Mr. McLEAN. Mr. President—

The PRESIDING OFFICER (Mr. FERNALD in the chair). Does the Senator from Florida yield to the Senator from Connecticut?

Mr. TRAMMELL. Certainly.

Mr. McLEAN. The Senator was present yesterday when the chairman of the committee and others answered several times the question which the Senator has just propounded. These organizations are not created for the purpose of handling investment paper, real-estate loans. They are created for the purpose of financing these cooperative marketing associations and individuals who have crops that are marketable. If the Senator will turn to page 38 of the bill, he will find a provision which authorizes the Federal reserve bank to purchase the acceptances of these corporations.

I would like to ask the Senator how many of these acceptances he thinks Federal reserve banks would purchase if they were secured by real-estate mortgages?

Mr. TRAMMELL. Mr. President, among the securities that are made eligible for rediscount by the Federal banks of the country under the present Federal reserve banking system are mortgages upon real property. That class of security is acceptable. Has it been held it was not acceptable? I would like to know if the Federal reserve system has held that loans secured by mortgages upon real property are not acceptable for rediscount purposes?

Mr. McLEAN. As collateral for the issuance of Federal reserve notes?



Mr. TRAMMELL. No; they are acceptable through the banks for rediscount.

I do not know about the details. That is just what I am trying to get away from. The banking system of this country has been very largely carried on upon the policy of accommodating commercial interests only, and not the agricultural interests of this country. If we are going to depart from that and try to give the agricultural interests of the country a system which will facilitate the financing of the agricultural industry, as the title of the bill seems to indicate is the purpose, I say let us do so, and practice no deception. That is the whole situation. Let us do something to assist the farmer instead of trying to carry on this magic-wand performance, telling our farmers that they have something when they have not. They will find out later they have but little relief. The title of the bill says the purpose of the bill is to facilitate the financing of the agricultural interests of the country. While there has been such eagerness in guarding against a provision authorizing the farmers to obtain loans except in the restricted way provided under this bill, I find it has been recommended in an amendment proposed to the pending measure that the Federal reserve regional banks shall be authorized not only to obtain 6 per cent interest upon their investment but an additional 3 per cent. I do not know that the necessity for that has been explained. It looks as though this bill in part may be termed a measure for the relief of the Federal reserve regional banks. They have heretofore been authorized to make 6 per cent. Under the provisions of this bill that has been increased so that they can accumulate an additional 3 per cent, giving them 9 per cent.

I do not see how a provision of that character would assist agriculture or any other industry, except the regional reserve banks, which have in many instances already been making rates of interest which are astounding. It was startling when it was developed here upon the floor of this body some few months ago that they were making rates of interest that permitted them to build palaces in New York and in other cities throughout this country, spending money with such a lavish hand that it constitutes a disgrace upon those who have been guilty of doing it; spending money that has been exacted from the people. Yet some seem to think there is not enough interest being paid now, and we find that there are amendments to the bill permitting increases. On page 32 we find an amendment proposed by the committee providing that when net earnings exceed 12 per cent, an extra dividend of not to exceed 3 per cent may be distributed to the stockholders of these Federal reserve banks. I do not see how agriculture gets anything out of that proposal.

This Federal reserve banking system is a great financial institution. Within it we have found stability that has tided us over one of the greatest and most distressing financial storms in the history of the world, and the American people very greatly appreciate the system. But, as I understand, the purpose and object of the Federal reserve system, it was never intended to be set up as a money-making institution. That is what it has been turned into, however, a money-making institution, and an institution to provide funds for lavish expenditures in the way of building palaces in New York and other cities, in the way of paying exorbitant salaries, salaries which are indefensible, increasing the salaries of men who were receiving \$4,000 a year to \$10,000, and of some who were receiving \$2,400 to \$7,000 and \$8,000 a year. The American people, who have necessarily to do banking business, have been required to contribute money to carry on these extravagant and high-handed expenditures.

The banking institutions of this country, outside of very few that are manipulating, are not in sympathy with such conduct on the part of the Federal Reserve Board. I have had more than one successful banker tell me that the banking people of this country did not approve any policy which enabled those who were controlling the situation to gather in the millions and millions of money throughout the Nation for the purpose of expending \$25,000,000 on a building in New York, for the purpose of paying some man a salary of \$25,000 a year, who never before in his life made \$10,000 a year. Such conduct as that meets with the commendation of very few people, I dare say, except those who have been participating in the benefits. Yet we find in this same bill, where any large measure of relief is denied to the farmers a provision which authorizes an increase in the rate of interest to regional banks of 3 per cent, to be distributed to the stockholders. I think we should enact legislation along sound financial lines; that we should be doubly sure that the banking system authorized under a measure of this character would be secure and would be a safe institution.

Mr. McLEAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Connecticut?

Mr. TRAMMELL. I yield.

Mr. McLEAN. The Senator knows that, in round numbers, there are about 10,000 national banks, and double that number of State banks. The committee was anxious to frame the bill so that it would be as inviting as possible to the State banks to come into the system. It was for that reason that we inserted the provision to which the Senator objects. After the surplus required by the law has been earned by these banks, then a certain portion over 12 per cent—that is, 3 per cent—may be added to the 6 per cent rate, making it 9 per cent. The Senator knows that that would probably be below the average of the dividends earned by the banks throughout the country; and we felt that it might be inviting to the State banks to come into the system, and if it should operate as anticipated, it would be a very great benefit to the farmers of the country, because the one difficulty with the system is that it has not been inviting enough to the State banks. There are some 20,000 outside. If they should enter the system by reason of this provision, it would permit them to earn 9 per cent instead of 6, as is now the case with member banks, and they would then have the advantages of the Federal reserve system, rediscount advantages, and it might be of great benefit to the farmers.

Mr. TRAMMELL. Mr. President, I do not know how permitting these banks to come into the system and get a greater rate of interest would benefit the farmers. How many banks did the Senator say are already in the system?

Mr. McLEAN. About 10,000.

Mr. TRAMMELL. Does not the Senator think the increase in the rate from 6 to 9 per cent will benefit the 10,000 already in the system far more than it will serve as an inducement to State banks to enter the system?

Mr. McLEAN. Certainly; and that is advisable, because there are reports that some of the banks in the system are reorganizing under State laws because of the advantages which they think the State banks have. We want to remove those advantages, and we want to get State banks into the Federal reserve system. The Senator knows that if they join the system it adds to their loaning capacity, and to that extent it will be a benefit to the farmers who need and desire accommodation.

Mr. TRAMMELL. Mr. President, in my own State I have lots of friends engaged in both national banking and State banking, and it is rather a controverted question as to which system affords the greatest facilities for agricultural interests. The State bankers say they can afford better facilities; the national bankers say they can afford better facilities. As a matter of fact, I really do not know which does, but I know that a great many of the banks have incorporated as State banks for the very reason that they felt they had a greater latitude and opportunity for affording facilities to the farming interests and fruit growers in my State than the national banks.

I do not really know which has the better system, or which has the greater latitude within reasonable and sound financial banking limits. One thing I know, no State has better or more stable and strong banks than we have in Florida. I do not know that the amendment would afford any particular inducement, but it does seem to me that in an effort to try to induce State banks to nationalize, if that is the idea, we should not provide for an increase in the interest rate from 6 to 9 per cent by the regional banks, many of which have been making startling incomes and have accumulated already a hundred per cent under the present law in addition to the 6 per cent. That is the point I am making. I want to see the banking institutions of the country treated absolutely fairly, but I do not care to have undue privileges and benefits extended to them which will be placed as a burden upon the American people, necessitating them to have to meet further and more onerous financial obligations in carrying on the other industries of the country, and particularly agriculture, which is the subject under consideration at the present time.

I would like to see the bill so amended that agriculture can get the full measure of benefit to which it is entitled. It seems to me we could make eligible for security mortgages upon real property. If we do not do that, then we are only helping the farmer who is fortunate enough to produce his crop, to harvest his crop, and deposit it in the warehouse and get a warehouse receipt. That is the sole aid provided by the pending bill, except so far as the live-stock industry is concerned. There seems to have been a little more consideration for those engaged in cattle raising. I am heartily in sympathy with that portion of the bill, so far as it goes, but it does not go

far enough even in assisting them. The amendment proposed by me would be of even far greater assistance to the cattle industry of the country, because it would enable those engaged in the cattle industry to use their real property as security upon which to obtain advances to carry on their cattle operations.

I very much hope the amendment will be adopted. If it is not adopted, we will have only very partially assisted the producers of nonperishable products, and the Congress will have withheld, unless we adopt my amendment, absolutely any relief whatever for the great agricultural interests of the country carrying on the production of perishable products. I see no reason why there should be discrimination against them, why they are not entitled to relief just the same as the others who are engaged in a different character of agricultural industry throughout the country. They can furnish ample security, security that is recognized by those who loan money as among the very best of collateral; and yet, if the amendment is not adopted, Congress will have absolutely refused to allow them any benefit whatever under a system, so called, for furnishing facilities to finance the agricultural industries of the country. Mr. President, I hope the amendment will be adopted.

Mr. CALDER. Mr. President, I think there are few men in the Senate who have given more attention to the question of creating some facility to loan money on improved real property than myself. As chairman of a special committee of the Senate, I conducted a rather wide investigation of the subject two years ago.

The pending bill is for the purpose purely of encouraging credits for agriculture. It seems to me the amendment of the Senator from Florida [Mr. TRAMMELL] proposes to put these organizations in the business of loaning money on improved real estate in the cities and villages of the country. I can not for the life of me see how we can justify a provision of that kind in a measure like the bill now before us. We ought to keep the bill in the line it was intended from the beginning if we hope to have it of real value to agriculture.

The Senator from Florida made a statement in his remarks a moment ago about the Federal Reserve Bank of New York. I have taken the pains to examine the plans of that building, I will say to the Senator, and I am sure from my knowledge of him, because I have served with him some six years, that he would not designedly create the misapprehension he may have by his remarks. That bank building will not cost \$25,000,000. When the plans were first drawn it was expected it would cost about \$15,000,000. Through competition the cost is going to come down to about \$12,000,000. It is not a great palace like the Congressional Library here in Washington or like some other great buildings erected purely because of their beauty and architecture. As I recall, it is a 14-story office building, built with the greatest of care and with the idea of being valuable only for the purpose intended. In my consultation with the officers of the bank I have learned that in the beginning it is the intention to rent a very large portion of the building for office purposes. They have no immediate use for perhaps more than three-fourths of the building. But with the great growth of the Federal reserve system, particularly in the financial center of New York, where the great market place and financial center of the country is located, we must not build for to-day but for next year and the year after, so that in 3 or 4 or 10 years from now, when property in the great financial center of New York City becomes exceedingly valuable, we shall have a building that will meet the needs of the banking interests of the country.

It is a plain office structure erected for the purpose intended. I should be very glad at some time to go very carefully over the whole subject with the Senator, because I am sure I could convince him that the money is not being extravagantly spent.

It is worthy of note that the building in New York City will cost 80 cents per cubic foot, while the building in Richmond, for instance, much more of a palace, has cost in the neighborhood of \$1.35 or \$1.40 a cubic foot.

I repeat that while I thoroughly sympathize with the purposes undoubtedly intended by the Senator from Florida in endeavoring to do something to increase the banking and credit facilities where money can be obtained on improved real estate, I doubt very much the wisdom of placing his amendment on the pending measure.

Mr. STANFIELD obtained the floor.

Mr. TRAMMELL. Mr. President, will the Senator from Oregon yield to me for just a moment?

The PRESIDING OFFICER (Mr. COUZENS in the chair). Does the Senator from Oregon yield to the Senator from Florida?

Mr. STANFIELD. I yield.

Mr. TRAMMELL. There is just one point I want to bring out in connection with the Federal reserve banking system. Under the language that is proposed, it apparently was not deemed satisfactory to make the bill apply to the future, but the amendment is to be retroactive. It goes back to 1922, having reference to the amendment with regard to interest. It works back to 1922. How will that bring any State bank into the system? The State banks are not national banks. We can not bring them into the system and give them the benefits of it when they were not members in 1922. Therefore, that part of the provision specifically in the interest of those already in the system retroactively covers the year 1922.

Mr. CALDER. Mr. President, will the Senator from Oregon yield to me a moment?

Mr. STANFIELD. Certainly.

Mr. CALDER. Referring to the statement of the Senator from Florida just made, the purpose of increasing the interest upon the stock in the Federal reserve banks was to encourage the smaller State banks to enter the system. I am quite confident, I will say to the Senator from Florida, that if we could get the smaller State banks throughout the country into the Federal reserve system we would solve the whole question of additional credits for the farming interests of the United States.

The trouble is that when the farmer needs credit to plant or harvest or move his crop, or to do as he may find necessary to relieve his financial needs, the little banks in the outlying sections of the country have not the money with which to help him. The Committee on Banking and Currency have been trying to find some way to induce the smaller banks to come into the Federal reserve system. It seemed that this was a good way, and if we could show where it was more profitable to come into the system than to remain out of it, then much good would have been accomplished.

Mr. TRAMMELL. Admitting that that was the purpose and object, and doubtless it was, though I disagree with the methods by which the Senator is seeking to attain the object, why was it that the amendment has been so framed as to apply retroactively to 1922 when those banks were not in the system and could not get the benefit of it? The amendment says it shall apply to the year 1922.

Mr. STANFIELD. Mr. President, I do not care to yield for any extended debate, though I am willing to yield for a question.

The PRESIDING OFFICER. The Senator from Oregon is entitled to the floor and will proceed.

Mr. STANFIELD. I have some amendments which I propose to the pending bill. The first amendment is on page 6—

The PRESIDING OFFICER. The Chair would suggest to the Senator from Oregon that there is an amendment pending.

Mr. STANFIELD. I intend to offer the amendments and have them lie on the table, but I would like to discuss them briefly at this time.

The first amendment which I offer is in paragraph (c), on page 6, line 10, after the word "nonperishable," to strike out the words "and readily marketable." The language of the section now reads:

(c) Are secured at the time of discount, purchase, or acceptance by warehouse receipts or other like documents, conveying or securing title to nonperishable and readily marketable agricultural products.

If there is any time when credit is needed, it is when a market is not ready and when the products would not be readily marketable. The time that they need the credit is to enable them to carry the products along until there is a ready market. Therefore I offer the amendment proposing that those words be stricken out and ask that the amendment lie on the table.

I now offer another amendment, which I ask to have lie on the table, proposing to reduce the minimum capital provided for in the bill.

Mr. McLEAN. Mr. President, if the Senator will pardon me right there—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Connecticut?

Mr. STANFIELD. Certainly.

Mr. McLEAN. There may be no opportunity to discuss these amendments before they are voted upon unless I do it now. I would like to call attention to the fact that the words "readily marketable" refer to any staple product that has a large consumption. It is naturally assumed that such products are marketable products within the meaning of the act. I do not think that the amendment offered by the Senator is necessary. On the contrary, I think they should be designated as readily marketable products that are recognized as marketable in nor-



mal times under ordinary circumstances. It does not mean that they shall be marketable at a profit to-day or to-morrow.

Mr. STANFIELD. Oh, yes, Mr. President, "normally marketable" is the idea exactly, but this is to provide for an unusual time, and I maintain that there are times when the products are not readily marketable.

Mr. McLEAN. Yes; but if credit conditions are not normal that will not affect the character of the security. The products that are ordinarily readily marketable will be eligible as security for these notes. There is no question about that.

Mr. STANFIELD. Why should the language then prescribe something that will be interpreted differently than the author of the bill intends?

Mr. McLEAN. It does not say they shall be secured by products that are already sold.

Mr. STANFIELD. The language is "readily marketable."

Mr. McLEAN. That are readily marketable under normal conditions of consumption.

Mr. STANFIELD. In my experience with staple products I can recall many times when there was not a market for the products, and that is the very time when credit was needed. I understand the purported object of the bill is to extend and liberalize the credit.

Mr. McLEAN. I do not think the Senator can instance a case where a bank would refuse a loan upon the theory that the law did not permit it because the particular product at that time could not be sold at a profit satisfactory to the producer.

Mr. STANFIELD. No; I do not think so, either. I think the wording of the bill should be as concise as we can possibly make it.

Mr. McLEAN. I will say to the Senator that this is the language used all through the Federal reserve act. I am confident that it is a mistake to strike out the words referred to by the Senator from Oregon, but if the author of the bill, who is present, thinks they ought to be stricken out, I do not propose to stand here and fight the friends of the bill. The bill was carefully drawn and conforms to the language used in the Federal reserve act.

Mr. STANFIELD. I desire now to make an inquiry of the Senator. He says that he knows that the bill was carefully drawn and who drew the bill. May I ask the Senator who did draw the bill?

Mr. McLEAN. The author of the bill is present, and he can tell the Senator from Oregon who drew the bill.

Mr. CAPPER. Mr. President, there is no secret about that. The bill was originally drawn by Mr. Meyer, the managing director of the War Finance Corporation. The bill, of course, has been quite materially revised by the Senate Committee on Banking and Currency after careful consideration. I think the bill a good bill.

Mr. STANFIELD. I think the Senator from Kansas has correctly stated the history of the bill. I think it was drawn by Mr. Meyer, who has been the director of the War Finance Corporation, whom we empowered a year and a half ago or thereabouts to make loans for the relief of agriculture to the extent of about \$1,400,000,000. Mr. Meyer has gone over the country and held himself up as having done a wonderful act; but I wish to maintain at this time that he has done only one-fourth of the good which he could have done, because he has only loaned about \$350,000,000.

Mr. McLEAN. The correctness of the statement of the Senator from Oregon depends upon whether or not a greater total of loans was necessary.

Mr. STANFIELD. They were necessary, because the country was suffering, and suffering most severely. I have witnessed on all the principal live-stock markets of the United States undue liquidation and sale of live stock that should not have been sold.

Mr. McLEAN. Mr. Meyer was handling money which was taken from the pockets of the people in taxes and put into the Treasury of the United States, and undoubtedly he thought it was wise to insist upon security for the loans he made.

Mr. WADSWORTH. Does the Senator from Oregon know of any legitimate application for a loan which had adequate security back of it which the War Finance Corporation after investigation refused?

Mr. STANFIELD. I know of many cases where, in my estimation, loans were improperly refused, where the War Finance Corporation set up such requirements as to securing the loan that the relief could not be granted, and where the live-stock industries of the country, by reason of the inability to meet the conditions, have suffered very materially.

Mr. WADSWORTH. If the Senator will allow me, I desire to say that I have had occasion to look into a good many applications which were made for loans to the War Finance Cor-

poration, and to consult from time to time with officials of that corporation as to those loans; and I have found their attitude has been most liberal on the side of the borrower, still keeping in mind, however, the necessity for having some measure of security which in the end would protect the people of the country who contributed the money. I may say that the Senator from Oregon is the first person I have heard who in a public place has expressed a criticism of the kind which he has just uttered, and I have talked with any number of cattlemen on this very subject. In fact, I think it will be found that the cattlemen of the great West have very generally commended Mr. Meyer.

Mr. STANFIELD. It may be and is true that a great good was done, but what I say is that those who have commended him have overlooked the fact that a much greater good could have been brought about than that which has been accomplished. It is not a matter of the doing of good, but what should be considered is the measure of good that could have been done and yet has been denied.

Mr. CAPPER. Mr. President, let me add, in connection with the inquiry as to the origin of the pending bill, that, as a matter of fact, the American National Livestock Association had probably more to do with the framing of the bill than had anyone else. Probably the Senator from Oregon is aware that the American National Livestock Association appointed a special credit committee nearly a year ago, of which the president of the National Livestock Association, Mr. Bixby, was chairman. On that committee were some of the strongest and best known cattlemen of this country. They gave very careful attention to the whole subject of credit legislation, especially for the live-stock industry. They came here to Washington; they spent several weeks with Mr. Meyer and others here who were studying the subject. As a result of their inquiry and study the pending bill was developed.

As I said a few moments ago, the actual work of drafting the bill was done by Mr. Meyer, but it was done in cooperation with the credit committee of the National Livestock Association. They came before the Senate committee; they unqualifiedly indorsed the bill, and expressed the desire and the hope that the Senate would see fit to enact it into law practically along the lines drafted by Mr. Meyer and those associated with him.

Mr. STANFIELD. I do not question the Senator's statement.

Mr. SIMMONS. May I interrupt at this point?

The PRESIDING OFFICER (Mr. McNARY in the chair). Does the Senator from Oregon yield to the Senator from North Carolina?

Mr. STANFIELD. I yield.

Mr. SIMMONS. I should like to ask the chairman of the Committee on Banking and Currency if Mr. Meyer, who drafted the bill, did not attend the meetings of the Finance Committee almost continuously while the bill was under consideration, and if he did not evince great interest in maintaining the bill just as he had written it?

Mr. McLEAN. Mr. President, Mr. Meyer appeared before the committee at the invitation of the committee, as did the Secretary of Agriculture, the Secretary of the Treasury, and the Secretary of the Interior. I do not remember that Mr. Meyer was insistent that the bill should not be amended; I do not think he was particularly interested, except to express his general approval of the bill and his desire that it be sound in principle. I am sure that he wanted the corporations created by the bill to be of benefit to the farmers. He did not want to create corporations that would handle investment securities. He wanted them formed for the purpose of assisting farmers and cooperative marketing associations and discount their paper based upon farm products.

Mr. SIMMONS. I should like to ask the chairman of the committee further if Mr. Leffingwell, who occupies a very important position in the Treasury Department, who has been the adviser of the Secretary of the Treasury in financial matters, to my knowledge, ever since the beginning of the World War, and who is a very great authority upon financial questions, a man of broad grasp and comprehensive information in reference to all questions pertaining to finance, was not also notified by the chairman of the committee to appear before the committee?

Mr. McLEAN. We did notify Mr. Leffingwell.

Mr. SIMMONS. Mr. Leffingwell came and testified and went back to the Treasury Department; but did not Mr. Meyer come and testify, and then stay with the committee from day to day, injecting himself into the committee hearings, replying to witnesses who appeared before the committee, and making suggestions to the committee about the proposed legislation, show-

ing the interest of championship and advocacy and resisting efforts in any direction to enlarge and increase the powers of the system so as to give the banks or the corporations which it sets up the privilege and the power to grant loans not only to the stock raisers, not only to the farmers upon their products already made, but to grant farmers accommodations for the purpose of enabling them to make their crops?

Mr. McLEAN. I think the Senator from North Carolina has an exaggerated view of Mr. Meyer's interest in the bill.

Mr. SIMMONS. I will say to the Senator that I was present at a great many of the hearings, and the impression created upon my mind was that Mr. Meyer not only had written this bill but had become its champion and wanted to preserve its integrity.

Mr. McLEAN. Mr. President, I know that on several mornings I telephoned Mr. Meyer and expressed the hope that he would be present, if convenient, as there were a good many questions coming up which he might be able to answer with regard to the operations of the War Finance Corporation. I think the information he gave the committee was valuable as it pertained to the work of the War Finance Corporation. Of course, he did not insist that the committee should not give impartial consideration to the provisions of the bill and amend them in any way it saw fit.

Mr. SIMMONS. I do not mean to say that he did.

Mr. STANFIELD. Mr. President, I should like to ask the chairman of the committee—

Mr. SIMMONS. Mr. President, may I say a word further?

The PRESIDING OFFICER. The Senator from Oregon has the floor. Does he yield to the Senator from North Carolina?

Mr. STANFIELD. I yield.

Mr. SIMMONS. Mr. President, I did not mean to impugn or impeach the motives of Mr. Meyer; but it has developed here that he wrote the bill; it has developed that he championed it before the committee, and that he remained with the committee after he had given his testimony in response to their invitation. Mr. Meyer, I think, has served the country well on the War Finance Corporation; I have the very highest opinion of his ability as a financier. I am sure he is connected with some great financial institutions in one way or another, or, at least, he is deeply interested in big business of a certain character in New York, and that his experience has been very great and his abilities are commensurate with his experience; but it seems to me that he has had a very big hand in this matter. I regret very much that Mr. Meyer has never shown the same sympathy for financing the farmers as he has for financing the stock raisers, or the same sympathy for financing the farmer for the purpose of making his crop as he has shown for financing him for the purpose of selling his crop.

Mr. STANFIELD. Mr. President, I should like—and my time is limited—to ask the chairman of the Committee on Banking and Currency if any representatives of the live-stock loan associations, or men who have been engaged exclusively in the live-stock loan business, appeared before the committee during the time the hearings were held in considering the pending bill?

Mr. McLEAN. The committee heard a good many witnesses, but my impression is that our information with regard to the activities of live-stock associations and loan companies was largely received from the Senator from Wyoming [Mr. KENDRICK], who is a member of the committee, as the Senator knows, and is very familiar with the situation. I think the committee relied upon his experience and advice.

Mr. STANFIELD. But there were no cattle loan men who appeared before the committee?

Mr. McLEAN. I think so; I do not remember as to that.

Mr. STANFIELD. The Senator does not recall that there were. I hardly think that there were.

Mr. McLEAN. I wish to say to the Senator that we did hear several representatives of the cooperative marketing associations. Mr. Sapiro, I remember, was one such witness. He had been instrumental in organizing a great many cooperative associations, and was heartily in favor of this bill.

Mr. STANFIELD. Did he testify as to the live-stock loan features of the bill? Did he have any experience along that line?

Mr. McLEAN. Not especially; I do not think that he did.

Mr. STANFIELD. I am inclined to think that he has not had any experience along that line.

Mr. LENROOT. Mr. President, in response to the query of the Senator from Oregon, I will remind him that Mr. Sheehan, a banker, testified before the committee and stated that he represented 60 per cent of the bank deposits in the State of

Nevada, and appeared in behalf of the American Livestock Association in support of the bill.

Mr. STANFIELD. Mr. Sheehan is a banker, and he probably appeared as a banker; but I am speaking of the live-stock loan companies with which this bill largely deals.

Mr. McLEAN. If the Senator will pardon me, while I am on my feet—I do not want to interrupt the Senator, because the time is getting short, but I want to call his attention to the fact that in the new section, 13a, which we add to the Federal reserve act, on lines 20, 21, 22, 23, and 24 of the bill, page 36, we use this language:

*Provided, however, That notes, drafts, and bills of exchange with maturities in excess of six months shall not be eligible as a basis for the issuance of Federal reserve notes unless secured by warehouse receipts or other such negotiable documents conveying or securing title to readily marketable staple agricultural products—*

And so forth. So that term is used throughout the bill.

Mr. STANFIELD. It is used in the two places, and I shall later propose an amendment to strike it out in that section of the bill.

Referring to the author of this bill, and as to its conception, I think the bill was drawn by Mr. Meyer, and that Mr. Meyer did invite Mr. Bixby, the president of the American Cattle Growers' Association, to come here and consider the bill with him; but I can not agree with the Senator from Kansas that the bill was seriously and well considered, because I find in it so many things that tend to restrict the credit of the live-stock men. The tendency of this bill is not to liberalize credit to the live-stock industry but to restrict it, to place around it such restrictions that the existing live-stock loan companies will be compelled to go out of business or will be compelled in many instances to reduce their loans. It is all good and well to say that the live-stock loan companies are not compelled to come under the terms of this bill. It is true that there is nothing in the bill that is mandatory that they should come under it, but the psychology of it is that the present market for live-stock paper, largely with eastern bankers, will demand that the paper they receive shall come through live-stock loan companies that are under Federal supervision. Therefore these loan companies will automatically be compelled either to come under Federal supervision or to pass out of existence. The present bill provides for a capital stock of \$250,000. I am going to propose an amendment, to lie on the table, to reduce the minimum to \$100,000.

Most of the present live-stock loan companies in the United States have a less capital stock than \$100,000. It is through these live-stock loan companies that the live-stock industry is largely being financed to-day. If they are unable to increase their capital stock to \$250,000 I maintain that it will be necessary for them to go out of business, because they will be unable to find a rediscount market for their paper, and the credit of the live-stock man will be curtailed to that extent, and it will mean enforced liquidation of the securities that are back of the loans that are now outstanding. It will mean adding more handicaps to an already unduly disturbed market situation, it will mean more marketing, and it will mean the lowering of the prices of the live stock that are already below the cost of production.

I am going to propose another amendment and ask that it lie on the table, and that is that the limitation upon the amount that this loan company may loan to an individual or corporation be changed so as to read "50 per cent of their capital stock" instead of "20 per cent of their capital stock." I call your attention to the fact that this is not a concern that is loaning simply the money that it has on hand, but it is acting as a rediscount agency. It is only an intermediary between the borrower and the real creditor of the borrower.

Many of these live-stock loans are far in excess of any such limitation as that, because the policy of the present live-stock loan companies is to loan as much as 100 and 200 and 300 per cent of their capital or to indorse paper that bears that proportion to their capital. If they come in under this act, they will necessarily be compelled under this limitation to reduce these loans to 20 per cent of their capital stock. If it is the minimum capital, \$250,000—which is a large capital to be raised in a community for the purpose of creating a live-stock loan company—it naturally would follow that the loans would have to be reduced, and that means a liquidation of the security. It means more marketing of live stock.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Utah?

Mr. STANFIELD. I do.



Mr. KING. Does the Senator think that with a capital of \$250,000 a loan of \$125,000 ought to be made to any one individual or any one corporation?

Mr. STANFIELD. Yes; I do, because the loan corporation herein provided for is simply a rediscount corporation.

The argument has been used that they may divide these loans. I am going to say to the Senator from Utah that no one buying the paper of the live-stock grower wants to take a divided loan. He wants to have the entire loan there, and thereby have entire control; and it is a long-established rule and principle among live-stock loan companies that a 50 per cent limitation is extremely conservative. I never heard of such a limitation until the recent hard times and panic developed, and then the more conservative live-stock loan companies said that they would reduce their loans to a point where no single loan that they were underwriting was in excess of 50 per cent of their capital and surplus.

Again, I want to reiterate that while this law is not mandatory that these loan companies shall come under the act, the psychology of it is such that they will be compelled to come under the act. This is not a bill in the interest of the live-stock grower. It is not a bill to liberalize credit for the live-stock industry. This is a restrictive bill, and it is going to restrict the credit of the live-stock industry; and I can see—and I view it with grave apprehension—a considerable disaster that is going to come to the live-stock business if we enact this bill.

There is one thing in the bill that is commendable and favorable, and I dare say that it has been the largest factor in securing an indorsement of the bill or any provision in the bill, and that is the provision for the extension of the rediscount period of agricultural paper to a period of nine months.

I say to you, Mr. President, that that is like a bait in this bill, and it has perhaps induced live-stock men to favor the bill; but otherwise than that this bill is mainly a banker's bill, and not a live-stock banker's bill, either. There is no limitation as to the interest rate that may be charged under this bill by one of these corporations excepting the statutory limitation in the State where the loan is made. It is true that large interest rates are charged on live-stock loans. The rate of interest is commensurate with the hazard attached thereto. While this will tend to remove any hazard of live-stock loans—that is to say, that is the purpose of it—there is no provision here to make an interest rate that is commensurate with the hazard that is attached to it.

Mr. McLEAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Connecticut?

Mr. STANFIELD. I do.

Mr. McLEAN. Has the Senator read the amendments that have already been submitted?

Mr. STANFIELD. Have I read all the amendments?

Mr. McLEAN. Yes. I notice that the Senator has just sent some amendments to the desk. Are they the amendments to which he referred? Have they been read?

Mr. STANFIELD. Yes; I have read them.

Now I am going to propose another amendment and ask that it lie on the table, and that is a limitation of the interest rate—an amendment that will read as follows: On pages 9 and 10, beginning with line 24 on page 9, strike out:

the rate allowed by the laws of the State in which such obligation is by its terms made payable—

and insert in lieu thereof—

a rate not in excess of 3 per cent more than the rediscount rate then being charged by the Federal reserve bank of the district in which such obligation is by its terms made payable.

Mr. KING. Why does not the Senator make that 2 per cent?

Mr. STANFIELD. Three per cent would be a reduction over the rate that could be charged to-day. Most of the live-stock States have a statutory limitation of either 10 or 12 per cent. The prevailing rediscount rate to-day is, I think, about  $4\frac{1}{2}$  per cent, and the difference between  $4\frac{1}{2}$  per cent and 12 per cent is  $7\frac{1}{2}$  per cent. There is a vast difference between the 3 per cent that I have proposed and the  $7\frac{1}{2}$  per cent that might be charged.

The history of the conduct of loan companies is that it costs about  $1\frac{1}{2}$  per cent to do business. The difference between  $1\frac{1}{2}$  or  $1\frac{3}{4}$  per cent and 3 per cent, if this provision should be enacted, would be the profit that these rediscount concerns would make on their loans.

A corporation of \$250,000 capital stock may receive rediscounts to ten times the amount of its capital, or \$2,500,000. Of course, we can not conceive of those concerns rediscounting to the full extent that they are permitted to rediscount under the

law, but it is fair to presume that they will carry at least \$2,000,000 of rediscounts. That would mean that on an investment of \$250,000 they would have an income of \$35,000, or about 14 per cent return, which is not unreasonable nor very much out of line with the profits that are being made by banks and other institutions in the loan business.

Mr. President, I am going to vote for this bill with a great deal of reluctance, even though the amendments that I have proposed are accepted by the Senate, and I most sincerely hope that these amendments will be accepted. I am sorry, indeed, that it is not in order at this time for me to make a motion to recommit this bill. It should be recommitted and further hearings should be held on it, for I am certain, and I speak from a knowledge which extends over a lifetime—for the greater part of my lifetime I have been engaged, directly or indirectly, in the live-stock loan business—it has been my lifelong undertaking to develop the live-stock industry, and I say again that I view this bill with the gravest of apprehension. I fear that it is going to destroy to a large extent the avenues of credit that the industry is at present enjoying.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Utah?

Mr. STANFIELD. I do.

Mr. KING. The Senator has just stated that he was sorry he could not move to recommit. I think under the rules, notwithstanding the unanimous-consent agreement to vote at 2 o'clock to-day—

Mr. TRAMMELL. Not to vote; to close debate.

Mr. KING. Even if it were to vote, a motion to recommit would be entirely proper.

Mr. STANFIELD. If a motion to recommit is in order, I should like to make that motion.

The PRESIDING OFFICER. There is a motion pending at this time, but at the proper time a motion to recommit will be in order, or the Senator can make the motion to lie on the table and be acted upon at the proper time.

Mr. STANFIELD subsequently said: I ask unanimous consent to have two telegrams inserted in the RECORD immediately following my remarks to-day when we were considering, and just before the passage of, Senate bill 4280.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

PORTLAND, OREG., January 18, 1923.

C. L. McNARY,

United States Senate, Washington, D. C.:

If you find the Capper bill has a chance of passage do not fail to amend the capital requirement of loan companies authorized, reducing same to one hundred thousand. Larger capital requirement means organization of very few companies in the West.

W. L. THOMPSON.

UNION STOCK YARDS, ILL., January 19, 1923.

Senator ROBERT N. STANFIELD,

Washington, D. C.:

In my judgment, 20 per cent limitation of the capital stock as a maximum amount that can be loaned to one person or corporation, as I understand is provided by Capper bill, is impractical and would seriously limit or practically destroy any possible benefits of bill. If attempting to pass a bill of psychological rather than practical benefit, then let 20 per cent limit stand. Have discussed this matter with Traylor, who agrees fully with me on this point, and is wiring Myers, of corporation, accordingly.

S. T. KIDDOO,

President Live Stock Exchange National Bank.

Mr. KENDRICK. Mr. President, referring to the amendments offered by the Senator from Oregon, in the order proposed:

First, the amendment to reduce capitalization. In the interest of the borrower such capital should be increased rather than decreased. The effect, or fair effect, would be a proportionate reduction in cost of administration. It would tend to strengthen financially the organization and would thus result in increased confidence on the part of those who purchase its securities in the way of notes and debentures.

For more reasons than one increased capital would mean a proportionate increase of credit facilities and confidence in the corporation. For the benefit of the borrowers of my State I would greatly prefer to have one corporation organized with a capital of \$500,000 than to have two corporations with a capital of \$250,000 each.

The amendment to increase the amount of outstanding acceptances or other forms of credit to any person or corporation in an amount exceeding 20 per cent of the paid-in, unimpaired capital or surplus of such corporation is, in my opinion, inadvisable, if not dangerous. The Senator suggests there is no parallel to such provision of law. I call his attention to the fact that this bill is to be under the supervision of the Federal Government, and under the banking act 10 per cent of the

capital and surplus earnings represents the limit which may be loaned to either an individual or a corporation.

Mr. STANFIELD. Mr. President, will the Senator yield?

Mr. KENDRICK. I would rather not yield, because I have only a few moments of time in which to discuss the different phases of the bill.

No doubt the Senator would suggest that in one case the bill has to do with banks of deposit and in the other with loan companies. Even in that event I believe he will agree that the element of safety is increased, other things being equal, when there are numerous borrowers, rather than where excessive loans are made to a limited number of borrowers. In other words, it is unsafe to lend too large a proportion of the liquid assets—that is, the capital—of a bank or loan company to one individual.

I have been more than surprised at the criticisms of this bill. I have been unable to believe that those who have indulged in such criticism have carefully studied the bill. It has been charged that even the stockmen themselves do not favor the legislation. While the incident occurred during my absence from Washington, I am informed that a delegation of the representatives of some of the principal live-stock associations of the West, including the president of the American National Livestock Association, came to Washington and recommended the preparation and introduction of such a bill and then approved the provisions of the bill after it had been prepared.

Even a superficial study of this measure will disclose the fact that it calls for no appropriation; it imposes no burden of either expense or tax upon the Treasury; it even requires the corporations to pay the Federal Government for such examination and inspection as the Government may find necessary to make in the administration of the law. It does not establish a new agency of credit, but its purpose is to make more reputable an agency already existent by placing such increased safeguards around the conduct of the business as will more adequately protect the investor of stock in such corporation and bring not only increased confidence but security to those who purchase and deal in its notes and debentures.

The intent and purpose of this bill are to enable the credit system of this industry to put its house in order.

Everyone knows that under favorable conditions this industry has no difficulty whatsoever in financing itself, but it is only in the emergencies that the sacrifices must be made, when through the arbitrary withdrawal of credit there is enforced liquidation, oftentimes resulting in congested markets and ruinous prices.

It is hoped by surrounding this system of credit with reasonable safeguards that in the future in this kind of emergency the credits of this industry may compel the same confidence as the credits of any other form of securities.

The Senator from Oregon has pointed out that the restrictions imposed by this law would serve to limit rather than promote the extension of any form of credit on live stock and farm products.

Mr. President, in connection with the restrictions which may be imposed, I would remind the Senator that if there is one piece of counsel we could safely give to the bankers of this country, and particularly those bankers who have endeavored to finance the live-stock industry of the West, it would be an injunction to exercise more of caution in times of easy credits and more of courage in times of financial distress.

In spite of all that may be said to the contrary, anyone familiar with the facts must know that both live stock and marketable farm products constitute liquid assets. They are liquid for the reason that they may be readily and even quickly converted into cash, even under enforced sale.

The important features required by stockmen and farmers in connection with credits are, first, a dependable supply of legitimate credits; second, reasonable rates of interest; and, third, an extension of time over the old system sufficient to include the full period involved in the process of production.

If you make your security good and if you make your security liquid, you will not fail to have the same avenue of satisfactory credits for this industry that is extended to any other industry. If you fail in that, the entire purpose of your legislation is ineffective.

In the discussion of this legislation doubt has been frequently expressed as to whether or not this legislation, because of its permissive character, would prove far-reaching in its effect or general in its application. This all depends upon how far those who promote loan companies already organized, and those to be organized in the future, are willing to go in the way of assuming increased obligations and rational restrictions for the purpose of bringing to the whole credit situation a more wholesome and satisfactory condition.

The eligible banks which continue out of the Federal reserve system do so because of, as they term them, the irksome and unnecessary restrictions.

To illustrate, there has been some criticism here this morning as to the provision for increasing the interest rate to the Federal reserve bank. I think everybody who listened to that discussion must have been impressed with the fact that, after all, the best available source of unlimited credits in this country would be found through increasing the facilities of the Federal reserve bank. Such potential credits for every line of industry would be vastly increased through any change that would induce the banks of the country eligible to membership to join the Federal reserve system.

If these live-stock companies and corporations, providing for loans on live stock and farm products, refuse to come in and accept this opportunity to benefit the situation, to increase the security, and bring confidence to the whole condition of things where there is now distrust, the benefits of the bill will be limited in that proportion.

As stated before, the law provides for no new agency; it will not conflict with any other financial form of credits whatsoever. It is in no sense of the word mandatory; it is merely permissive. It is simply a plan to improve and change the system of credits already existing, and for such reasons it could hardly be harmful, but will be extremely helpful.

I hope the amendments here proposed will be rejected and that we shall have favorable action upon the bill.

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, under the unanimous-consent agreement further debate upon the pending bill and amendments is suspended. The question is upon the amendment offered by the junior Senator from Florida [Mr. TRAMMELL].

Mr. TRAMMELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gerry	McCumber	Simmons
Bayard	Hale	McKellar	Smoot
Borah	Harrell	McKinley	Spencer
Brookhart	Harris	McLean	Stanfield
Bursum	Harrison	McNary	Sterling
Calder	Heflin	Moses	Sutherland
Cameron	Hitchcock	Nelson	Swanson
Capper	Johnson	New	Trammell
Colt	Jones, N. Mex.	Nicholson	Underwood
Couzens	Jones, Wash.	Norbeck	Wadsworth
Culberson	Kellogg	Norris	Walsh, Mass.
Curtis	Kendrick	Oddie	Walsh, Mont.
Dial	Keyes	Overman	Warren
Elkins	King	Phipps	Watson
Ernst	Ladd	Poinsette	Weller
Fernald	La Follette	Reed, Pa.	Williams
Fletcher	Lenroot	Sheppard	Willis
France	Lodge	Shields	
George	McCormick	Shortridge	

The PRESIDING OFFICER. Seventy-four Senators having answered to their names, a quorum is present. The question is upon the amendment offered by the Senator from Florida.

Mr. TRAMMELL. On that I ask for the yeas and nays.

Mr. WALSH of Montana. I ask that the amendment be stated.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 6, at the end of line 13, and before the period, insert the words:

or upon a note secured by a mortgage on real estate in an amount not exceeding 50 per cent of the value of said real estate.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. McKINLEY (when his name was called). I transfer my pair with the junior Senator from Arkansas [Mr. CARAWAY] to the junior Senator from Vermont [Mr. PAGE] and vote "nay."

Mr. MOSES (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. BROUSSARD]. He being absent, I transfer the pair to the senior Senator from Iowa [Mr. CUMMINS] and vote "nay."

Mr. STERLING (when his name was called). Transferring my pair with the Senator from South Carolina [Mr. SMITH] to the senior Senator from Pennsylvania [Mr. PEPPER], I vote "nay."

Mr. WALSH of Montana (when his name was called). I inquire if the Senator from New Jersey [Mr. FRELINGHUYSEN] has voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. WALSH of Montana. I have a pair with the Senator from New Jersey, which I transfer to my colleague [Mr. MYERS] and vote "nay."



Mr. WILLIS (when his name was called). I am paired with my colleague [Mr. POMERENE], who is absent on account of illness. Not knowing how he would vote on this question, I transfer my pair to the senior Senator from Connecticut [Mr. BRANDEGEE] and vote "nay."

The roll call was concluded.

Mr. ERNST. I transfer my general pair with the senior Senator from Kentucky [Mr. STANLEY] to the senior Senator from Vermont [Mr. DILLINGHAM] and vote "nay."

Mr. FLETCHER (after having voted in the affirmative). I have a general pair with the Senator from Delaware [Mr. BALL]. I transfer that pair to the Senator from Nevada [Mr. PITTMAN] and allow my vote to stand.

Mr. SUTHERLAND (after having voted in the negative). I transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON] to the senior Senator from Michigan [Mr. TOWNSEND] and allow my vote to stand.

The result was announced—yeas 23, nays 47, as follows:

## YEAS—23.

Ashurst	Harrison	McKellar	Swanson
Brookhart	Johnson	Norris	Trammell
Dial	Jones, N. Mex.	Overman	Underwood
Fletcher	Ladd	Sheppard	Walsh, Mass.
George	La Follette	Shields	Williams
Harris	McCumber	Simmons	

## NAYS—47.

Bayard	France	McKinley	Shortridge
Borah	Gerry	McLean	Smoot
Bursum	Hale	McNary	Spencer
Calder	Harrell	Moses	Sterling
Cameron	Hitchcock	Nelson	Sutherland
Capper	Jones, Wash.	New	Wadsworth
Coff	Kellogg	Nicholson	Walsh, Mont.
Couzens	Kendrick	Norbeck	Warren
Curtis	Keyes	Oddie	Watson
Elkins	Lenroot	Phipps	Weller
Ernst	Lodge	Poin Dexter	Willis
Fernald	McCormick	Reed, Pa.	

## NOT VOTING—26.

Ball	Edge	Owen	Robinson
Brandegee	Frelinghuysen	Page	Smith
Broussard	Glass	Pepper	Stanfield
Caraway	Gooding	Pittman	Stanley
Culberson	Heffin	Pomerene	Townsend
Cummins	King	Ransdell	
Dillingham	Myers	Reed, Mo.	

So Mr. TRAMMELL's amendment was rejected.

The PRESIDING OFFICER. The junior Senator from Oregon [Mr. STANFIELD] has an amendment lying on the table which will be stated.

The READING CLERK. The junior Senator from Oregon offers the following amendment: On page 6, after the word "non-perishable," in line 10, strike out the words "and readily marketable" in lines 10 and 11.

Mr. SIMMONS. Let us have the yeas and nays.

The yeas and nays were ordered.

Mr. BURSUM. Mr. President, I do not believe that Senators generally know precisely what is the question before the Senate. I ask that the pending amendment may be stated.

The PRESIDING OFFICER. The Secretary will state the pending amendment.

The READING CLERK. On page 6, line 10, after the word "non-perishable," it is proposed to strike out the words "and readily marketable," so that the paragraph if amended as proposed would read:

(c) Are secured at the time of discount, purchase, or acceptance by warehouse receipts or other like documents conveying or securing title to nonperishable agricultural products.

The reading clerk proceeded to call the roll.

Mr. MCKINLEY (when his name was called). Making the same announcement as on the previous vote in reference to my pair and its transfer, I vote "nay."

Mr. MOSES (when his name was called). Making the same announcement as to my pair and its transfer as on the previous vote, I vote "nay."

Mr. STERLING (when his name was called). Making the same announcement as to my pair and its transfer as on the last vote, I vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before relative to my pair and its transfer, I vote "yea."

Mr. WALSH of Montana (when his name was called). I transfer my pair as announced upon the preceding roll call, and vote "nay."

Mr. WILLIS (when his name was called). Making the same announcement as to the transfer of my pair with my colleague as on the previous vote, I vote "nay."

The roll call was concluded.

Mr. ERNST. Making the same announcement as before in reference to my pair and its transfer, I vote "nay."

Mr. CURTIS. I desire to announce that the Senator from New Jersey [Mr. EDGE] has a general pair with the Senator from Oklahoma [Mr. OWEN].

Mr. FLETCHER. Making the same transfer of my pair as on the preceding roll call, I vote "yea."

The result was announced—yeas 21, nays 51, as follows:

## YEAS—21.

Ashurst	Heffin	Ransdell	Swanson
Brookhart	Johnson	Sheppard	Trammell
Culberson	Jones, N. Mex.	Shields	Underwood
Fletcher	Ladd	Simmons	
Harris	La Follette	Stanfield	
Harrison	McNary	Sutherland	

## NAYS—51.

Bayard	Gerry	McKellar	Shortridge
Borah	Hale	McKinley	Smoot
Bursum	Harrell	McLean	Spencer
Calder	Hitchcock	Moses	Sterling
Cameron	Jones, Wash.	Nelson	Wadsworth
Capper	Kellogg	New	Walsh, Mass.
Coff	Kendrick	Nicholson	Walsh, Mont.
Couzens	Keyes	Norbeck	Warren
Curtis	King	Norris	Watson
Elkins	Lenroot	Oddie	Weller
Ernst	Lodge	Phipps	Williams
Fernald	McCormick	Poin Dexter	Willis
George	McCumber	Reed, Pa.	

## NOT VOTING—24.

Ball	Dillingham	Myers	Pomerene
Brandegee	Edge	Overman	Reed, Mo.
Broussard	France	Owen	Robinson
Caraway	Frelinghuysen	Page	Smith
Cummins	Glass	Pepper	Stanley
Dial	Gooding	Pittman	Townsend

So Mr. STANFIELD's amendment was rejected.

The PRESIDING OFFICER. The next amendment proposed by the junior Senator from Oregon [Mr. STANFIELD] will be stated.

The READING CLERK. On page 10, line 18, it is proposed to strike out "\$250,000" and in lieu thereof to insert "\$100,000"; on page 11, line 19, to strike out "\$200,000" and to insert "\$100,000"; and, on page 25, line 4, to strike out "\$250,000" and to insert "\$100,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was rejected.

The PRESIDING OFFICER. The next amendment proposed by the junior Senator from Oregon will be stated.

The READING CLERK. On page 9, line 9, before the words "per cent," it is proposed to strike out "20" and to insert in lieu thereof "50," so that it will read:

in an amount exceeding 50 per cent of the paid-in and unimpaired capital and surplus of such corporation.

The PRESIDING OFFICER. The question is on the amendment proposed by the junior Senator from Oregon.

Mr. STANFIELD. I ask for the yeas and nays, Mr. President.

The yeas and nays were not ordered.

The amendment was rejected.

The PRESIDING OFFICER. The next amendment offered by the junior Senator from Oregon will be stated.

The READING CLERK. Beginning in line 24, on page 9, it is proposed to strike out the words "the rate allowed by the laws of the State in which such obligation is by its terms made payable" and to insert in lieu thereof "a rate not in excess of 3 per cent more than the discount rate then being charged by the Federal reserve bank of the district in which such obligation is by its terms made payable."

The PRESIDING OFFICER. The question is on the amendment proposed by the junior Senator from Oregon.

Mr. WALSH of Montana. I understand that some amendment has already been made to the language of the bill at that point.

The PRESIDING OFFICER. That is true. The amendment heretofore agreed to will be stated.

The READING CLERK. The amendment heretofore agreed to was, on page 10, line 1, to strike out the words "such obligation is by its terms made payable" and to insert "its principal office is located."

Mr. WALSH of Montana. I inquire of the Chair if I am right in the supposition that the amendment is to strike out the provision as already amended and to insert?

The PRESIDING OFFICER. That is the proper procedure. The question is upon the amendment of the junior Senator from Oregon.

Mr. NORRIS. I ask for the yeas and nays, Mr. President.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). Making the same announcement as to my pair and its transfer as before, I vote "yea."

Mr. MCKINLEY (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. MOSES (when his name was called). Repeating the announcement with reference to my pair and its transfer, I vote "nay."

Mr. STERLING (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. SUTHERLAND (when his name was called.) Making the same announcement as on the previous votes with reference to my pair and its transfer, I vote "nay."

Mr. WILLIS (when his name was called). Repeating the announcement concerning the absence of my colleague [Mr. POMERENE] and the transfer of my pair with that Senator, I vote "nay."

The roll call was concluded.

Mr. CURTIS. I desire to announce that the Senator from New Jersey [Mr. EDGE] is paired with the Senator from Oklahoma [Mr. OWEN].

The result was announced—yeas 23, nays 48, as follows:

#### YEAS—23.

Ashurst	Heflin	Lenroot	Sheppard
Borah	Johnson	McKellar	Stanfield
Brookhart	Jones, N. Mex.	McNary	Trammell
Bursum	Kendrick	Nicholson	Walsh, Mass.
Culberson	Ladd	Norris	Walsh, Mont.
Fletcher	La Follette	Ransdell	

#### NAYS—48.

Bayard	George	New	McLean
Calder	Gerry	Oddie	Moses
Cameron	Hale	Overman	Nelson
Capper	Harrell	Phipps	Sutherland
Colt	Harris	Polindexter	Swanson
Couzens	Hitchcock	Reed, Pa.	Underwood
Curtis	Jones, Wash.	Shields	Wadsworth
Dial	Kellogg	Shortridge	Warren
Elkins	Keyes	Simmons	Watson
Ernst	King	Smoot	Weller
Fernald	Lodge	Sterling	Williams
Frelinghuysen	McCumber	McKinley	Willis

#### NOT VOTING—25.

Ball	France	Owen	Smith
Brandagee	Glass	Page	Spencer
Broussard	Gooding	Pepper	Stanley
Caraway	Harrison	Pittman	Townsend
Cummins	McCormick	Pomerene	
Dillingham	Myers	Reed, Mo.	
Edge	Norbeck	Robinson	

So Mr. STANFIELD's amendment was rejected.

The ASSISTANT SECRETARY. The senior Senator from Oregon sends to the desk the following amendment:

On page 10, line 18, strike out "\$250,000," the amount of the paid-in capital, and in lieu thereof insert "\$150,000"; and the same amendment on page 11, line 19.

The PRESIDING OFFICER. The question is upon the amendment of the Senator from Oregon.

The amendment was rejected.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall the bill pass?

Mr. STANFIELD. Mr. President, at this time I should like to move that the bill be recommitted to the Committee on Banking and Currency.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oregon that the bill be recommitted to the Committee on Banking and Currency.

Mr. STANFIELD. On that I call for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oregon.

The motion was rejected.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

The bill was passed.

Mr. SWANSON. Mr. President, I desire to announce that my colleague [Mr. GLASS] has been unavoidably detained from the Senate to-day. If he were present, he would vote for the passage of the bill.

Mr. NORBECK. Mr. President, I offered an amendment to the title the other day, and the Chair held that that could be considered only after the bill had passed.

The PRESIDING OFFICER. That is correct.

Mr. NORBECK. The bill having reached that stage, I wish to offer an amendment to harmonize the title with the rest of the bill.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. It is proposed to strike out the following words from the title as printed:

To provide credit facilities for the agricultural and live-stock industries of the United States—

And insert in the title, in lieu of those words, the following:

To provide for the incorporation and supervision of corporations formed for the purpose of making agricultural and live-stock loans.

The amendment was agreed to.

#### TEMPORARY RED CROSS BUILDINGS IN WASHINGTON—CONFERENCE REPORT.

Mr. FERNALD submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 43) to grant authority to continue the use of the temporary buildings of the American Red-Cross headquarters, in the city of Washington, D. C., having met, after full and free conference have agreed to recommend and do recommend to their respective Houses that the Senate recede from its disagreement to the amendments of the House numbered 1 and 2, and agree to the same.

BERT M. FERNALD,  
J. S. FRELINGHUYSEN,  
HENRY F. ASHURST,

*Managers on the part of the Senate.*

SIMEON D. FESS,  
ROBERT LUCE,  
FRANK PARK,

*Managers on the part of the House.*

The report was agreed to.

#### INDEPENDENT OFFICES APPROPRIATIONS.

Mr. WARREN. I ask unanimous consent that the Senate take up House bill 13696, the appropriation bill for the independent offices.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 13696) making appropriations for the Executive office and for sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1924, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

Mr. WARREN. I ask that the formal reading of the bill may be dispensed with, and that the bill may be read for amendment, the amendments of the committee to be first considered.

The PRESIDING OFFICER. Is there objection?

Mr. KING. I make no objection, providing the full text of the bill is read for amendment.

The PRESIDING OFFICER. That includes the reading of the text. If there is no objection, the formal reading of the bill is dispensed with and the committee amendments will be first considered.

The Secretary will read the bill.

The Assistant Secretary proceeded to read the bill.

#### PROBLEMS RELATING TO REFORESTATION.

Mr. CALDER. Mr. President, I ask unanimous consent to report back favorably, with amendments, from the Committee to Audit and Control the Contingent Expenses of the Senate, Senate Resolution 398.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the report will be received. Does the Senator desire immediate consideration of the resolution?

Mr. CALDER. I should be glad to have immediate consideration of it, if there is no objection.

Mr. BORAH. I should like to have it read. I sought to get a copy of it awhile ago and was unable to do so. That is a matter of some concern to us.

Mr. WARREN. Reserving the right to object, I have no objection to its being read.

Mr. BORAH. Reserving the right to object, I will ask to have it read.

The PRESIDING OFFICER. The Secretary will read the resolution.



The ASSISTANT SECRETARY. The resolution (S. Res. 398), submitted by Mr. HARRISON on January 5, 1923, reads as follows:

*Resolved*, That the President of the Senate appoint a committee to consist of five Members of the Senate, three from the majority party and two from the minority party, to investigate problems relating to reforestation, with a view to establishing a comprehensive national policy for lands chiefly suited for timber production in order to insure a perpetual supply of timber for the use and necessities of citizens of the United States. The committee shall make a final report of its investigations with recommendations to the Senate not later than December 2, 1924.

At this point the committee proposes an amendment to make the date April 4, 1924.

For the purposes of this resolution the committee is authorized to sit and act at such times during the sessions or recesses of the Sixty-seventh and Sixty-eighth Congresses and in such places within the United States, to hold such hearings, and to employ such clerical and stenographic assistants as it deems necessary. The cost of stenographic service to report such hearings shall not be in excess of \$1.25 per printed page.

Which it is proposed to amend to read "25 cents per folio."

The committee is further authorized to send for persons, books, and papers, to administer oaths, and to take testimony. The expenses of the committee shall be paid from the contingent fund of the Senate.

Mr. BORAH. Mr. President, has the Senator from Mississippi any objection to this resolution going over for a day?

Mr. HARRISON. None.

Mr. BORAH. I should like to look at it a little.

The PRESIDING OFFICER. The resolution will be placed on the calendar.

#### INDEPENDENT OFFICES APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 13696) making appropriations for the Executive Office and for sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1924, and for other purposes.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

Mr. HARRISON. Mr. President, may I inquire from what page the Secretary is reading?

The PRESIDING OFFICER. (Mr. LADD in the chair). Page 2.

Mr. HARRISON. Are the committee amendments being considered first?

The PRESIDING OFFICER. They are. That order has been made.

Mr. HARRISON. Then any amendment I may offer will have to wait until after the committee amendments are disposed of?

Mr. WARREN. It should wait, if the Senator please, until the committee amendments are disposed of.

Mr. HARRISON. Mr. President, before we proceed further I just want to say that "day by day in every way," so far as the country leaning toward the Democratic Party is concerned, it is getting better and better.

Mr. McCORMICK. Mr. President, will the Senator yield?

Mr. HARRISON. Just as soon as I have told the Senator how his party is being defeated as the days come and go.

In November of last year up in the great State of Pennsylvania in one of the districts where two gentlemen were contesting for the right to serve the people of that district in the Pennsylvania State Senate there were some twenty-odd thousand votes polled. In that district in the race between the present junior Senator from Pennsylvania [Mr. REED] and the Democratic candidate, Mr. Shull, Mr. REED received 12,682 votes and Mr. Shull 10,317 votes, about 2,500 majority. In the race between the Republican and the Democratic candidates for the State senate there was a tie, both receiving approximately 12,000 votes. They ran off this tie yesterday. I have waited now some three hours to-day to hear an explanation of the result from some one on the other side and for the information of the returns to be given. In the race yesterday between these two candidates who tied a short while ago for the State senate the Democrat received 2,500 majority; and thus it is that the Republican Party "day by day in every way" is getting deader and deader.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The first amendment to the Committee on Appropriations was, under the subhead "Executive Mansion and grounds," on page 3, line 19, after the word "grounds," to strike out

"(within iron fence), \$5,000" and insert "\$10,000," so as to read:

For improvement and maintenance of Executive Mansion grounds, \$10,000.

The amendment was agreed to.

The reading of the bill was resumed and continued to line 24, page 3, the last paragraph read being:

For extraordinary repairs to and refurnishing the Executive Mansion, \$20,000.

Mr. KING. I would like to inquire of the Senator from Wyoming whether the evidence before the committee showed the necessity of \$50,000 for the refurnishing of the Executive Mansion, and also \$20,000 for extraordinary repairs and refurnishing?

Mr. WARREN. Fifty thousand dollars is the sum usually spent in taking care of the ordinary wear and tear and providing for the repairs, refurnishing, and so on. Now necessity has arisen for making the building as nearly fireproof as possible. They will have to go through the roof of the building, which is said to be a fire trap, and the \$20,000 is for extraordinary repairs to put it in better shape. At the time the White House was rebuilt the upper part of the structure was scarcely touched, and when Mr. Wilson was about to become President some money was spent in the upper story, but at the same time all of the underroof and some of the upper story were unfinished, and the \$20,000 is for finishing that part of the building, and also to bring heat over from the State, War, and Navy Building.

Mr. KING. Then \$20,000 is to be spent solely for repairs and for furnishing of a part of the building which heretofore has not been furnished?

Mr. WARREN. It is not for furnishing, but it is for repairing and reconditioning. Fifty thousand dollars covers all of the refurnishing.

Mr. SMOOT. Ten thousand dollars of the \$20,000 is for the purpose of putting a heating system in by running a tunnel from the State, War, and Navy Department Building over to the White House and heating the White House and the offices there from that one boiler. Two thousand one hundred dollars a year will be saved by expending this \$10,000 of the \$20,000. Four thousand dollars is for the construction of an ice box and refrigerator, which is now located in the passage between the offices and the White House. This would provide for a permanent improvement of the refrigerating system used in the White House, instead of having the refrigerator in that passage, which the Senator has no doubt seen a number of times. That would make up the \$20,000.

The next amendment was, on page 4, line 3, after the figures "\$5,000," to strike out "Provided, That this work shall be done by the Office of the Supervising Architect," so as to make the paragraph read:

For preparing plans and estimate for fireproofing the Executive Mansion, including plans for the renovation of the second and third stories and the roof, \$5,000.

The amendment was agreed to.

The reading of the bill was continued to line 2, page 5, the last paragraph read being:

#### ALIEN PROPERTY CUSTODIAN.

For expenses of the Alien Property Custodian authorized by the act entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," approved October 6, 1917, as amended; including personal and other services and rental of quarters in the District of Columbia and elsewhere, per diem allowances in lieu of subsistence not exceeding \$4, traveling expenses, law books, books of reference and periodicals, supplies and equipment, and maintenance, repair, and operation of motor-propelled passenger-carrying vehicles, \$280,000: *Provided*, That this appropriation shall not be available for rent of buildings in the District of Columbia if suitable space is provided by the Public Buildings Commission.

Mr. KING. May I inquire of the Senator whether or not there has been an increase in this appropriation for the use of motor-propelled passenger-carrying vehicles; and, secondly, if there is any necessity for furnishing the Alien Property Custodian vehicles of the character referred to? It seems to me that a vice has been developed in the Government service of furnishing automobiles to too large a number of Government employees and too large a number of Federal agencies. A large number of the employees of the Government feel that they must have automobiles. I think we should restrict the number to the President, the Vice President, Cabinet officers, the General of the Army, and a few others, but this indiscriminate employment by Federal officials of automobiles, it seems to me, is a vice which ought to be corrected, because the use of the automobile carries with it the employment of a chauffeur, a large sum annually for repairs, and a large amount annually for the purchase of gasoline, so that in the aggregate a very large burden

is imposed upon the Treasury of the United States by our providing motor-propelled vehicles for the hundreds of Federal employees who enjoy the luxury of their use.

Mr. WARREN. Replying to the inquiry of the Senator as to the Alien Property Custodian, that particular appropriation has not been increased. It is the same as before. The general appropriation for that institution is greatly decreased. However, they have a great many industries, really, which have to be superintended and visited, and there is considerable running about to be done. They have to have some means of transportation, and it would require still more expense in travel in the way of taxis and other means of transportation if they did not have the automobiles.

As to the general observation in his zeal in these matters, which I acknowledge, the Senator probably will hardly spend a tenth of the time I have spent in opposition to any increase in the number of automobiles, the expense for them, and so forth. Nevertheless it comes down to the fact that we must either maintain them or spend still more money in other directions. Formerly, commencing, I think, at the time Andrew Jackson rode to the White House on horseback, there were appropriations for horse-drawn vehicles for various departments, and they were very much more expensive than motors. Another thing: Formerly the activities of the Government of the United States were carried on in very few buildings, covering a very small area of the city. At the present time it would seem as though the departments and Congress together had insisted upon making a crazy quilt of the Government buildings. They are located in all parts of the city, and I might say outside of the city proper, and in sending papers from one to another to be signed, and doing the work that has to be done, a great many more men even than the number we have now have been required.

We have been cutting down the supply of help very largely. As to whether we are giving too much, the Senator must judge, the same as I do.

We have not increased a single item in the bill as it passed the House regarding that. The Senator from Tennessee has offered six or eight different amendments in regard to motor-driven vehicles, to cut out all expenses of automobiles, the expense of the care of them, and other expenses. I do not see that Senator in the Chamber now, but I am perfectly willing to submit every one of those amendments to a vote of the Senate, although, of course, if that means of locomotion is done away with, there will have to be some means of transportation provided. But when the amendments come up I shall not object to their coming to a vote.

Mr. KING. In view of the information conveyed by the able Senator from Wyoming to the effect that the Senator from Tennessee has offered a number of amendments dealing with this subject, I shall pretermitt any further discussion at this time and wait until those amendments are offered.

The reading of the bill was continued to line 16, page 5, the last paragraph read being as follows:

#### BUREAU OF EFFICIENCY.

Salaries and contingent expenses, including traveling expenses; per diem in lieu of subsistence; supplies; stationery; purchase and exchange of equipment; not to exceed \$100 for law books, books of reference, and periodicals; and not to exceed \$150 for street car fare; in all, \$144,500: *Provided*, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum except the following: One \$7,500, 1 at \$6,000, 3 at \$4,250 each, 3 at \$4,000 each, 3 at \$3,800 each, 1 at \$3,500, 2 at \$3,250 each, 5 at \$3,000 each, 2 at \$2,750 each, 3 at \$2,400 each, and 5 at \$2,000 each.

Mr. KING. Mr. President, I desire to direct an inquiry to my colleague, because I know he has given a great deal of attention to this particular agency of the Government. I would like to inquire of him whether, in view of the passage of the Budget law and the fact that the Budget organization is functioning, he believes it is necessary to perpetuate this organization, and whether he believes the benefits so far derived, and those which possibly may be obtained in the future, warrant this expenditure. It seems to me the number employed is rather large, and the compensation for some of them seems to be rather excessive.

Mr. WARREN. That question has come up a number of times, and I will say that this is one of the most efficient bureaus we have in the entire Government service. In connection with the various bills handled by our committee, covering many interests, we have to consult the bureau. I will ask the Senator's colleague, the senior Senator from Utah, to reply to his inquiry, as in his line of duty he has more to do with the Bureau of Efficiency than has any other Senator.

Mr. SMOOT. Mr. President, in answer to my colleague, I will state that I know of no agency of the Government which, in proportion to the amount of money appropriated for it, saves

to the Government what this bureau does. I thought I had here a statement of the savings made in the last year in the different departments of the Government through the recommendations of the Bureau of Efficiency. It is not \$100,000, but it is hundreds of thousands of dollars, and it runs every year to three and four and sometimes ten and twenty times the amount appropriated.

In order to find out really whether those savings have been made, I have taken occasion to go to the department and check up the reports, and I know, not from the Bureau of Efficiency, but from the department heads, that the recommendations made by the Bureau of Efficiency have saved the amounts of money given in their statements. The Budget Bureau is using the Bureau of Efficiency for the very purpose of securing the information necessary to enable the Director of the Budget to make recommendations to the President of the amounts that should be carried in any recommendation he may make to Congress.

Mr. KING. Then, as I understand my colleague, in a number of bureaus and executive departments of the Government recommendations, after investigation made, have been offered by this Bureau of Efficiency which have been accepted by the governmental agencies examined and which have resulted in savings?

Mr. SMOOT. In great savings. In relation to the salaries, of course the salary of the director is \$7,500. The salary of Mr. Graves is \$6,000. I do not know whether my colleague has met Mr. Graves or not, but I want to say that he is one of the brightest men in the public service, and his whole heart and soul are in this work. I know of no one who is doing better work or working more hours in the Government service than Mr. Graves, of the Bureau of Efficiency. I want to say that much for a man who I do know is working early and late, and I know of no man who has a greater interest in his work than has Mr. Graves.

Mr. KING. May I inquire of my colleague whether the number of employees has been increased?

Mr. SMOOT. It has been decreased.

Mr. KING. Is the compensation allowed each the same, substantially?

Mr. SMOOT. It is the same as under existing law.

Mr. KING. The Senator will recall that a year or two ago complaints were made by some members of the Bureau of Efficiency, with which I sympathized, that in their efforts to get into the departments for the purpose of examining the modus operandi of conducting business, and making recommendations, if they found recommendations were necessary, they encountered a great deal of hostility. May I inquire whether or not that hostility still exists, or has the Bureau of Efficiency been permitted free opportunity for a full and exhaustive investigation for the purpose of making recommendations?

Mr. SMOOT. Instead of that opposition existing to-day, Mr. President, the heads of the departments have realized what the work of this bureau has done for other departments in the Government in the past, and every member of the bureau is kept busy all the time responding to requests of the heads of the various departments.

I want to give credit here to a former Postmaster General, because he was the first man who really realized the importance of the work of the Bureau of Efficiency.

Mr. KING. Does the Senator refer to Postmaster General Burleson?

Mr. SMOOT. I refer to former Postmaster General Burleson. He asked the Bureau of Efficiency to come into his department and study the organization from every standpoint, with a view of cutting out all classes of duplication and doing away with unnecessary work. That was done. I wish I had now the letter which I received from former Postmaster General Burleson telling of the results of the work of the bureau and commending it to every department of the Government.

I want to repeat what my colleague has stated, that in the inception of the organization of the bureau there was opposition. The head of every department and every division and every bureau of the Government thought that he knew more about how to run his particular department than somebody else who would come in and tell him what to do, but I do not think any of them feel that way now. I am very much pleased to say to my colleague that the work of the bureau has been all and more than was expected when we first created it by law.

Mr. McKELLAR. Are we now reading the bill regularly?

The PRESIDING OFFICER. Yes; for action on the committee amendments.

Mr. McKELLAR. Very well.

The reading of the bill was resumed.



The next amendment of the Committee on Appropriations was, in the items for salaries, Civil Service Commission, on page 6, line 3, after the word "each," to strike out "Custodian force: Engineer, \$840; general mechanic, \$840; telephone switchboard operator, \$720; 2 firemen, at \$720 each; 2 watchmen, at \$720 each; 2 elevator conductors, at \$720 each; 3 laborers, at \$660 each; 4 charwomen, at \$240 each; in all, \$305,420" and to insert "; telephone switchboard operator, \$720; in all, \$296,480"; so as to make the paragraph read:

**CIVIL SERVICE COMMISSION.**

Three commissioners, at \$5,000 each; chief examiner, \$3,500; secretary, \$2,500; assistant chief examiner, \$2,400; chiefs of divisions—1 (who shall act as assistant secretary) \$2,400, 2 at \$2,000 each; certification clerk, \$2,000; examiners—7 at \$2,400 each, 3 at \$2,000 each, 6 at \$1,800 each; clerks—6 of class 4, 28 of class 3, 39 of class 2, 52 of class 1, 34 at \$1,000 each, 22 at \$900 each; messenger, \$840; assistant messenger, \$720; skilled laborer, \$720; 4 messenger boys, at \$420 each; telephone switchboard operator, \$720; in all, \$296,480.

Mr. KING. Mr. President, may I inquire of the Senator having the bill in charge whether there has been a transfer of the officials provided for in lines 4, 5, 6, 7, and 8, page 6, to some other part of the bill?

Mr. WARREN. I expected the Senator to make that inquiry, and I am very glad to advise him that that amendment reduces the amount from \$305,420 to \$296,480, although it is a small reduction. In the bill as we go along we shall cover four or five different departments which have been a care in the way of watchmen and janitors, and so forth, and have now been turned over, the same as some of the departments before have been, to the department presided over by Colonel Sherrill, Superintendent of Public Buildings and Grounds. He has shown great economy and excellence of service. There is carried a reduction in the bill of some forty-odd thousand dollars in all. There are two of the departments provided for by lowering the total sum like this one, but there are four as to which we state in the bill that there shall be paid back to the Treasury a certain amount of money from the surplus funds.

Mr. KING. I am not sure that I followed the Senator, but as I understand his explanation it was that heretofore some of the agencies and bureaus in Washington have had the care of their own buildings, whereas now the care of the buildings has been consolidated under the head of one man, Colonel Sherrill.

Mr. WARREN. Yes. The head of the department, Colonel Sherrill will probably be followed by an equally good man when his tour of duty has expired, as that is always provided for by appointing an Engineer officer.

May I state to the Senator, correcting my former statement, that two of the departments have been lowered in the main sum. We have stated it in what appears to be an amendment, though it is really the same general subject, but we strike it out in order to make it plainer in the way we have now incorporated it in the bill. In four or five of the departments we save \$40,508. I think in this connection I ought to insert in the Record a brief statement covering the matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

*Saving effected by Senate committee amendments.*

Buildings.	Salaries.	Bonus.	Fuel, lights, etc.	Total.
Department of Commerce.....	\$5,520	\$2,880	\$950	\$9,350
Department of Labor.....	5,760	2,352	900	9,012
Wardman-Justice.....	3,860	2,088	4,750	11,298
Civil Service Commission.....	180	96	1,700	1,976
Interstate Commerce Commission.....	3,760	2,112	2,800	8,672
Total.....	19,080	10,128	11,100	40,308

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee on page 6, lines 3 to 9. The amendment was agreed to.

Mr. McKELLAR. As I understand it, we are merely passing over the various sections of the bill. I have an amendment I want to propose to the second paragraph under the heading "Civil Service Commission," but it is an independent amendment and I presume I shall have the right to offer it later on.

The PRESIDING OFFICER. The Senator may offer the amendment later.

Mr. KING. It may avoid offering an amendment to strike out the entire paragraph if the chairman of the committee would make an explanation now as to the item on page 6, lines 10 and 11:

For additional employees for the Civil Service Commission, \$107,500.

Mr. WARREN. I think the Senator will remember that about a year ago the President of the United States and the heads of departments associated with him made it the duty of the Civil Service Commission to examine postmasters re-appointed or newly appointed. It is necessary for them to have this appropriation largely for that purpose. It is considerably smaller than they thought they ought to have for the additional work. We have appropriated heretofore even much more than we are appropriating now for the work. We put the item in the bill as for special work because, after this flood of changes has taken place, we hope we may cut down expenses much more. As long as it is additional, it is much easier to get it out than it would be if it were associated with the other and larger regular appropriation.

Mr. KING. May I invite the attention of the able Senator to the provision found in lines 1 to 4, page 8, which carries \$32,500 for examination of presidential postmasters, including travel, stationery, and so forth, additional examiners and investigators, and other necessary expenses of examination?

Mr. WARREN. That is for travel, stationery, contingent expenses, and so forth.

Mr. SMOOT. The Senator will notice that we have reduced the item further down on the page from \$45,000 to \$39,540, and we have increased the amount referred to by the Senator; that is, we increased the amount of the estimate of the Budget from \$90,000 to \$107,500, so it is a transfer from page 8, so far as the amount of increase is concerned. We are not taking the exact Budget estimate into consideration.

Mr. KING. I would like to ask my colleague or the chairman of the committee, in view of the very large staff possessed by the civil service organization and the rather generous appropriations which have been made, what is the necessity for giving \$107,500 for additional employees, and also \$32,500 for the examination of presidential postmasters?

Mr. WARREN. Does the Senator know how many postmasters have to be examined? They constitute a tremendous number.

Mr. KING. I do not know, but I imagine it would be in the neighborhood of between 7,000 and 10,000 that will have to be examined from now on.

Mr. WARREN. That would nowhere nearly cover it.

Mr. McKELLAR. From now on it would not be anything like that.

Mr. KING. I think that I am within the bounds not only of reason but of accuracy when I say it will not exceed 10,000 postmasters to be examined for the coming year. I am not complaining, but our Republican friends have managed to get rid of a large number of Democrats, and I think 10,000 will cover the number that will be gotten rid of in the next year, because that will comprise substantially all.

Mr. WARREN. Would it be any comfort to the Senator's feelings if I should say to him that a great proportion of this is for investigation of character; that is, they propose to determine not only the educational qualifications of the candidate but his character, because it has developed—and I say this without any political bias—that we have found convicts released from a penitentiary holding post-office appointments at times. Instances of that sort have caused a revulsion of feeling. That part of the examination is, I think, very valuable and adds to the needs of the commission, and of course we have to provide accordingly.

Mr. KING. May I make one further observation? I do not think, because a man has been convicted of some offense, that he ought to be debarred from becoming a candidate for any position, for that matter. If the bar which a conviction would raise to his holding the office is removed by pardon or some other method, I think he ought to be given an opportunity to become an applicant for a position. In other words, I do not think it should be held against a man forever that he has made a mistake and been convicted, if by his subsequent course in life he has exemplified to the world a penitent spirit, if he has made reparation, and if he is pursuing an honorable course in life. If that be true, progress and position ought to be accorded him.

Mr. WARREN. May I say to the Senator that I feel very much about that as he does, so far as he has gone; but I think the Senator would do as I would do in a case like that. He would want to find out something about the man and what his conduct was afterwards. He would desire, through some agency, to examine the doings of the man. That is exactly what the Civil Service Commission proposes to do and is instructed to do. I do not believe anything has occurred yet that would bar those who may have been considered sufficiently penitent, who have exempted themselves from further suspicion; but a great deal of money has been lost and a great

many loose things have been done in connection with the post-office service itself.

Mr. SMOOT. May I call my colleague's attention to what the House did? On page 8, the item referred to by my colleague is for examination of presidential postmasters, including travel, stationery, contingent expenses, additional examiners and investigators, and other necessary expenses of examination, \$32,500. The existing law carried \$75,000 for that purpose. The Budget estimated \$50,000. The House took \$17,500 off of the \$50,000 and added it to the Budget estimate for additional employees of the Civil Service Commission, making the item on page 6, lines 10 and 11, a total of \$107,500. So my colleague will see that the amount appropriated for the coming fiscal year for the examination of presidential postmasters is less than half of what it was this year, or \$75,000. As I said, the Budget cut that to \$50,000, and the House cut it to \$32,500, but took \$17,500 and put it in the item for additional employees of the Civil Service Commission, making \$107,500, or a reduction from existing law, but an increase over what the Budget allowed because of the transfer of employees.

Mr. KING. Let me inquire of the Senator if it is not a fact that the provision for additional employees of the Civil Service Commission is intended to give temporary employment to individuals, or at least employment for the current year only, and to employ individuals who are not upon the general roll and are not provided for in the general law?

Mr. SMOOT. I will say to the Senator that the existing law reads as follows:

For additional employees for the Civil Service Commission, \$100,000.

That is the existing law to-day. The existing law for examination of presidential postmasters provides \$75,000. The existing law provides \$175,000 for the two purposes.

Now, the House gave \$32,500 for examination of presidential postmasters and \$107,500 for additional employees in the Civil Service Commission, and that makes only \$140,000 instead of \$175,000, as carried in the existing law.

Mr. KING. When was the existing law to which the Senator has called my attention enacted?

Mr. SMOOT. It was enacted on the appropriation bill of a year ago, and continues in effect until July 1 of this year.

Mr. KING. The point which I attempted to make, but perhaps I did not make myself clear, was that this provision for additional employees was made during the war.

Mr. SMOOT. No. It has been carried in the bill ever since the law was passed, which was, I think, about 10 or 11 years ago, authorizing and directing the Interstate Commerce Commission to begin the valuation of the railroads of the country. Ever since that time the appropriation bill has invariably carried a great deal more than the sum now proposed to be appropriated for additional employees. The reason for that is that more employees may be needed at one season of the year than at another and in that way may be used to advantage. That is the reason also why the appropriation has been made as a lump sum. I am happy, however, to state to the Senate that the officials of the Interstate Commerce Commission have advised the committee that at a very early day they are hopeful of winding up the work of the valuation of the railroads, which they began so long ago.

Mr. KING. I should like to ask one other question which seems to me to be pertinent. If the Interstate Commerce Commission and other commissions do not call for additional employees, then this entire amount of \$177,500 plus \$32,500 may not be expended?

Mr. SMOOT. If they do not need the employees, certainly the appropriations will not be expended.

Mr. KING. Do I understand that the Civil Service Commission, under the authorization found in lines 10 and 11, page 6 of the bill, makes temporary appointments as the exigency arises, and when the exigency ceases the employees are separated from the service?

Mr. SMOOT. Absolutely.

Mr. KING. They do not, then, remain on the permanent roll of the department from year to year?

Mr. SMOOT. No; and that is why they are appropriated for in the manner now proposed.

Mr. KING. Does the Senator from Utah know whether from the appropriation which has been made for the current year there will be any money covered back into the Treasury?

Mr. SMOOT. I will say to the Senator that there will not be. An increase of \$7,500 was asked for in order to enable the work to be completed, if possible. So there will be nothing covered back this year, for which only \$100,000 were appropriated.

Mr. KING. Of course the Senator will perceive that in the next paragraph, found at the bottom of page 6, there is a field

force authorized for the Civil Service Commission for which an appropriation of \$272,000 is proposed?

Mr. SMOOT. Yes.

Mr. KING. Is not that field force employed in conducting examinations?

Mr. SMOOT. That field force will always have to be appropriated for because it is used for the regular work of the commission.

Mr. KING. I understand.

Mr. SMOOT. And we shall never get rid of that so long as the Civil Service Commission exists.

Mr. KING. It occurred to me that with that very large field force, in view of the fact that there are so many employees in the Government service, with the understanding that some will be separated from the service, the ordinary field force would be competent to deal with all examinations that may be made during the coming year.

Mr. SMOOT. The Civil Service Commission say that that can not be done. I will say, further, to the Senator that \$272,000 is the exact amount which we appropriated for this purpose for the fiscal year 1923.

Mr. McKELLAR. Mr. President, if the junior Senator from Utah [Mr. KING] shall offer an amendment to strike out the provisions of the bill from line 10 to line 18, inclusive, on page 6, and lines 1 to 4, inclusive, on page 8, I shall support the amendment.

I make that statement because the examination of third, second, and first class postmasters by the Civil Service Commission is an entirely useless and vain thing. I was interested in the statement made by the Senator from Wyoming [Mr. WARREN] a moment ago that one of the reasons why it took so many employees for this service was that they were going into the character of the applicants. Mr. President, the Civil Service Commission does not in all cases go into the character of the applicants; neither does the Senate consider the character of nominees. For instance, there was a man who was recommended by the then patronage dispenser of Tennessee, John W. Overall, himself collecting money from various applicants for post-office appointments in Tennessee and assessing charges against them. Checks were submitted showing that he had received the money, but he claims that it was to reimburse him for expenses incurred in coming to Washington to arrange concerning the appointments. I recall also the case of Mr. Overall's nephew, a man by the name of Whaley, who was alleged by his neighbors to be a man of bad character. I think it was alleged he was guilty of all kinds of offenses and that he had been prosecuted a number of times and probably convicted once. I have forgotten the exact circumstances, but some of his neighbors testified as to his bad character. Nevertheless he was appointed postmaster. The Civil Service Commission did not find out anything about him and made no report, as I recall; in fact, the Civil Service Commission did not pay any attention to the matter when it was called to their attention, and the Senate confirmed that man afterwards, over my protest, of course. So if the Civil Service Commission are searching into the character of applicants it is a useless and vain thing; there is no use to do it. There is no use of our furnishing money to do it.

I believe that what we ought to do would be to strike this provision out entirely. The Republican Party is in power, and they ought to have the right to appoint postmasters. I, for one, should not object to their doing so. Let them appoint the best men.

The Civil Service Commission is supposed to select three eligibles; but if there are two Democrats and one Republican, it makes no difference what the character of the Republican may be, it makes no difference what his qualifications are, it makes no difference what the facts and circumstances about his efficiency may be, the Republican will be appointed. So why should we spend this vast sum of money for the purpose of establishing an eligible list, when no attention is paid to the eligible list, even if they have all Republicans on it?

I will give the Senate an illustration of the situation. At the little town of Gainesboro, on the Cumberland River in my State, there were quite a number of candidates for postmaster. That county is fairly evenly balanced between Democrats and Republicans, there being good people in both parties. There was an eligible list of three, as I recall; at least two of them were Republicans, and, indeed, I think all three of them were Republicans, but a man was first appointed acting postmaster who was not on the list, and then the department turned down all three of the eligibles and appointed a man who had failed utterly in his examination. I think he made about 60 per cent out of a possible 100, while the other candidates all made over 70 per cent. He was wholly disqualified, but



it seems that at one time he had been a rural carrier and under some sort of a rule he was appointed over the three eligibles because it was claimed he was already in the civil service.

Mr. President, any such system as that is worse than a farce, and we ought not be parties to it. As reasonable men, we ought to disregard it, and we ought not to appropriate the money to establish eligible lists under such circumstances. The majority party appoints the officers; it is their duty to do it; it is their right to do it; it is their privilege to do it. All we ask that they appoint decent and honorable men. Do not, however, let us resort to the miserable subterfuge of pretending to be fair about it and having examinations held, all to no purpose.

Mr. SMOOT. Mr. President—

Mr. McKELLAR. I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, I wish to call the Senator's attention to the fact that the same practice was followed all during the last administration, when the Democrats were in power. Let me say further I was quite surprised to hear the Senator refer to a man of very poor character being confirmed by the Senate, although I recall that during the last administration a man was appointed a postmaster in a certain State as to whom there was no question that he had raped a little 14-year-old girl. That, however, did not cut any figure at all, and he was confirmed.

Mr. McKELLAR. Was he confirmed by a Democratic Senate?

Mr. SMOOT. Yes.

Mr. McKELLAR. He ought never to have been confirmed by a Democratic Senate, by a Republican Senate, or by a Senate of any political complexion.

Mr. SMOOT. That is what I say.

Mr. McKELLAR. But two wrongs do not make a right.

Mr. SMOOT. That is true.

Mr. McKELLAR. My proposition is that there is no use in our spending the people's money for the purpose of establishing eligible lists when no attention is paid to such lists. To give another illustration, at the little town of Rutherford, in my State, a Democratic community where I believe there are very few Republicans, there were a number of applicants for the position of postmaster. When the eligible list was established it was found that there were two Democrats and one Republican on the list, but the Republican was not the kind of Republican that those in power wanted to have in the office. There was, however, another Republican whom it was desired to place in the office. So that Republican got Mr. Overall—and I presume paid his expenses—to come here to Washington and make application for reexamination, and on the reexamination the wife of this applicant for postmaster who had failed to get on the eligible list was put at the head of the list and given the appointment.

Why should there be resort to proceedings of that kind? The Republicans are putting their friends in office. I do not object to that; they ought to do it; but why spend the people's money for a purpose which, while on its face it seems to have some evidence of fairness, in reality is a mere subterfuge? Why make the claim that the appointments are non-political, when every appointment that is made is political?

If the Senator from Utah does not offer an amendment to strike out the two provisions to which I have referred, I am going to offer such an amendment, for the provisions ought to be stricken out. I do not know that it will do any good, for the majority party may continue to resort to this subterfuge. I do not think the Civil Service Commission is particularly to blame in this respect. They do not appoint. They go ahead and establish an eligible list; but, after the list has been established and certified to the department, I think it is reprehensible for them to permit one of the applicants who has failed in the examination to come to Washington and ask to be regraded and put first on the list merely because he or she is backed by the Republican boss who is selling the office. We ought not to agree to the continuation of any such system. We are paying out the people's money for purposes for which we ought not to pay it out.

Numerous instances of the kind to which I have referred have occurred in my State. So far as I know, no Democrat has been appointed. So far as I can now recall, in nearly every instance in my State a Democrat has been first on the eligible list—I doubt if there have been a score in the whole State where a Democrat has not stood first on the list if any took the examination—but never in any instance has the Democrat received the appointment, so far as I recall, if there was a Republican on the list. Is that a proper administration of the civil service? If it is, God save the mark! Is that the kind of civil service that we ought to have if we are going to

have one? The civil service, so far as these postmaster examinations are concerned, is a miserable farce.

I have heard here a great deal about the Committee on Civil Service Reform and their demand that we should have an honest, efficient, and straightforward civil service; but if what we have now is such a civil service, I do not understand what an honest and efficient civil service is.

I want to say to the Senator from Utah that I am not complaining. I think the party in power should have the offices and should make appointments to them, but I do not think we should spend the people's money to determine eligibles when no attention is paid to the eligibles after they are determined, and even the three on the list are disregarded and persons who have failed are appointed, as in the case of Mr. Dudney at Gainesboro. He utterly failed. There were three eligibles declared. They were all disregarded and the man who had failed was appointed, and his nomination is pending now. It ought not to be confirmed, but, of course, the Senate will go ahead and confirm him regardless of his character, regardless of his failure, regardless of his inefficiency. It is going to be done. Then, why spend the people's money in a matter of this kind? I do not think it ought to be done, and I hope it will not be done.

The VICE PRESIDENT. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 8, line 11, to increase the appropriation for necessary traveling expenses, Civil Service Commission, including those of examiners acting under the direction of the commission, etc., from "\$18,000" to "\$20,000."

The amendment was agreed to.

The next amendment was, on page 8, line 15, after the word "charges," to strike out "fuel, heat, light, and power; window washing"; in line 23, after the word "rent," to strike out "maintenance and repair of electric conduit"; and on page 9, at the end of line 2, to reduce the total appropriation for contingent and miscellaneous expenses, Civil Service Commission, from "\$45,000" to "\$39,540," so as to make the paragraph read:

For contingent and miscellaneous expenses of the Civil Service Commission, including furniture and other equipment and repairs thereto; supplies; advertising; telegraph and telephone service; freight and express charges; street-car fares not to exceed \$200; stationery; purchase and exchange of law books, books of reference, directories, newspapers, and periodicals, not to exceed \$500; charts; purchase, exchange, maintenance, and repair of motor trucks, motor cycles, and bicycles; maintenance and repair of a motor-propelled passenger-carrying vehicle to be used only for official purposes; garage rent; postage stamps to prepay postage on matter addressed to Postal Union countries; special-delivery stamps; and other like miscellaneous expenses not hereinbefore provided for; in all, \$39,540.

The amendment was agreed to.

The next amendment was, under the head "General Accounting Office," on page 14, after line 6, to insert:

The General Accounting Office is hereby authorized to destroy all paid United States Government checks that have been issued three full fiscal years, after all unpaid checks have been properly listed as outstanding as now required by law. Hereafter all claims on account of checks appearing as having been paid shall be barred if not presented to the General Accounting Office within three full fiscal years after the issuance thereof.

Mr. WILLIS. Mr. President, I do not think I desire to oppose the amendment. I should, however, like to ask a question of the Senator in charge of the bill, the able Senator from Wyoming [Mr. WARREN].

In the course of business with different departments I happen to have in mind just now two or three cases in which the existence of these old checks became very material in protecting the rights of the Government. I wonder whether the committee has fully considered that?

Mr. WARREN. Fully; but this is a matter of checks, and thousands of cubic yards of these checks—all the pension checks and all others—have accumulated to such an extent that they give rise to danger of fire not only for themselves but for their surroundings. It is considered that after the three years additional here and the three years that we have heretofore provided there will be hardly any opportunity to make use of them in any valuable way. In fact, the records would show everything that the checks could show.

Mr. WILLIS. I am disposed, of course, to accept the judgment of the experienced chairman of the committee; but one of the cases I had in mind was just such a case as this would apply to—that is to say, under this provision, if it had been the law, the very evidence that was relied upon successfully to protect the interests of the Government would have been destroyed. I understand, of course, the difficulty presented by the accumulation of these old checks. It is quite a problem;

but it does seem to me that it might destroy evidence of great value to the Government.

Mr. SMOOT. Mr. President, I want to say to the Senator that we are now holding every pension check that was issued from the day the first check for the first pension became a reality. We have not simply a room like this full of them, but we have rooms full of them; and since the law was passed requiring the payment of these pension checks monthly, with the great number now being paid, we shall have to find space somewhere to take care of them. If they are going to be of any use at all they must be in a fireproof building, or else there is danger of all of them being destroyed by fire; and I think there will not be one case in ten million such as the Senator is referring to.

Mr. WILLIS. I think that is true; but I submit for the consideration of the Senator whether the relief which he very properly seeks from this accumulation of old papers and documents can not be obtained without making the limitation period quite so brief—say 5 years or 10 years?

Mr. SMOOT. The period is six years under this provision. The existing law requires that they shall be published the first three years, and this is in addition to that.

Mr. WILLIS. I have no desire to be contentious about it. I just call attention to the matter.

Mr. KING. Mr. President, I should like to inquire of the chairman of the committee or of my colleague in regard to the matter that has just been considered, the General Accounting Office. As I recall, for the current year a very liberal appropriation was made because it was contended that this organization was new, and that a good deal of work was involved in getting all of the machinery into efficient operation. I wish to inquire whether or not there has been any reduction in the pending bill over the appropriation for the current year? The expenses of the Government ought to be less next year than this year, because we are receding from the war period.

Mr. WARREN. They are less. I think I ought to say to the Senator that this bill carries a great deal less—in fact, more than \$10,000,000 less—than the estimates, and the estimates in the first place cut down former appropriations very materially. In some cases they did not cut them, but generally speaking, all of the expenses have been cut, and that applies to what the Senator has just brought up. It has been cut down as low as the Budget seemed to think it could be cut down—something between thirty and forty thousand dollars—\$36,904, the Senator from Utah [Mr. Smoot] says.

Mr. KING. I can not see how you can readily get an estimate of the cost, because some of the appropriations here have been heretofore carried in a number of bills.

Mr. WARREN. That has all been figured out. Formerly we undertook to provide in a lump sum for this rather new matter, under the late changes, of general accounting. As the Senator knows, that office assembles all the auditors that we formerly had to appropriate for in detail. The auditors for all of the departments are now in that one establishment, and we have cut it down, as I say, \$36,904, which is all that the House and all that the Senate committee felt it could be cut down at this time.

Mr. SMOOT. Speaking of transfers from other sources that are appropriated for in existing law, I want to say that there was \$211,477 of deficiencies and transfers, and the existing law is \$175,261; and, as the Senator from Wyoming says, there is a saving this year over last year in all of the items mentioned of \$36,904.

Mr. KING. Does not my colleague think there ought to have been a greater reduction in view of the decreased expenses of the Government and the smaller amount of business that has to be carried on because we have liquidated so many of the War Department's activities?

Mr. SMOOT. That is a reduction of about 12 per cent, and I will say to my colleague that I wish we could have reduced them all in the same proportion.

Mr. KING. Yes; I regret that we can not.

I want to say, in reply to the Senator from Wyoming about estimates, that I think predictions were made when the Budget bill was passed, and predictions and statements have been made frequently upon the floor of the Senate, that whatever economies are effectuated in the Government will be largely the result of the work of Congress itself; that the executive departments, no matter how they may be flagellated and condemned and criticized, will always ask for more than they ought to have, and more than Congress will give; and my experience here in the Senate, short as it is, has revealed the fact that, extravagant and wasteful as Congress may be, it is still more

economical than the executive departments of the Government. If it were not for the earnest work of a number of Senators upon the Appropriations Committee—and I commend them for their courage and their zeal—the appropriations would be very much larger than they are. I think the Senator from Wyoming [Mr. WARREN], my colleague [Mr. Smoot], and others are entitled to great credit for their assiduous efforts to keep down the expenses; but let me say that with all of their zeal I think they ought to have made deeper cuts in the recommendations of the Budget. I think the expenses, notwithstanding the reductions which may be reflected in the various bills, are too high, and the burdens of taxes resting upon the people are entirely too great.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. WARREN. Mr. President, in the next paragraph, the committee offers the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 14, line 17, after the word "Memorial" and the comma, it is proposed to insert the words "to be immediately available," so as to read:

#### GRANT MEMORIAL COMMISSION.

For printing and binding report on construction and dedication of the Grant Memorial, to be immediately available, \$1,800.

The amendment was agreed to.

Mr. KING. Mr. President, there is no amendment called for in the next item—the Housing Corporation. I am going to trouble the chairman of the committee to give an explanation in regard to that activity. A number of Senators have asked me to do so. They are not on the floor, but they will want the information and will be glad to read it in the Record. May I say to the Senator that several Senators have said to me that in their opinion this organization ought to be abolished, that it ought to go into voluntary liquidation—and if it will not voluntarily liquidate, involuntary liquidation—and whatever of these houses and properties are now controlled by the organization ought to be disposed of, the proceeds covered into the Treasury of the United States, and the organization cease entirely.

Mr. WARREN. I agree with the Senator perfectly. That is exactly what they are doing, with the exception of this inn keeping here in the city, which has been made inevitable, we may say, by the lack of housing in the city—that is, for the present. The houses are being sold and, of course, some of those that have been sold have been taken back under mortgage because of the changes that were bound to happen. They had an extensive hearing before the House committee, and that evidence was also before the Senate committee, but we had the chairman of that board before us; and I have sent now for the Senator from Maine [Mr. FERNALD], the Senator who makes this his particular business.

Of course this appropriation covers not only the handling of these buildings, which house nearly 2,000 women and girls, but there are some thousands of houses and some business properties which have to be cared for. On the other hand, this end of the housing proposition here in the city is really making money for the United States. Seventy per cent of the income covers the Government expense. As the Senator will remember, we appropriate for all of the expenses and care of the buildings, and the money that is earned goes directly into the Treasury; but it shows a profit. If the Senator will let us pass over that, I will turn back to it when the Senator from Maine comes in, and it will be explained more fully.

The next amendment was, under the head "Interstate Commerce Commission," on page 17, line 14, to strike out "\$2,100,000" and insert "\$2,239,360, and no part of this sum shall be available for the care, maintenance, protection, fuel, light, and so forth, for the Interstate Commerce Commission Building"; so as to read:

For all other authorized expenditures necessary in the execution of laws to regulate commerce, including per diem in lieu of subsistence when allowed pursuant to section 13 of the sundry civil appropriation act, approved August 1, 1914, \$2,239,360, and no part of this sum shall be available for the care, maintenance, protection, fuel, light, etc., for the Interstate Commerce Commission Building, of which sum there may be expended not exceeding \$50,000 in the employment of counsel, not exceeding \$3,000 for necessary books, reports, and periodicals, not exceeding \$100 in the open market for the purchase of office furniture similar in class or kind to that listed in the general supply schedule, and not exceeding \$75,000 for rent of buildings in the District of Columbia.

Mr. KING. I would like to have the Senator explain the increase of more than \$139,000 over the allowance made by the House.



Mr. WARREN. That raise was made as the result of a hearing granted to two members of the commission, and it was felt that it was necessary to close up pending business in order to avoid greater expenses hereafter. There are two raises of a considerable amount; in fact, they are the only two raises of consequence for any of the purposes of the commission.

The Senator is a good lawyer, and he understands what the Interstate Commerce Commission has to do. Among other things, we have spent—and I have had many a heartache over it—millions and millions and millions of dollars in the last 10 or 15 years, I have forgotten just how long, in the valuation of the railway properties; and I have no doubt that a good deal of that expenditure at first was foolishly made, simply because the information gets very old and out of date before it is used. Now, there has come a time when there should be a full survey made, to become the basis upon which they can conduct their business for the present and hereafter until there is some reason to change. They solicited this very urgently. The committee was unanimous in thinking that we ought to give them this larger amount for this year, and then ask the effect of it and, if possible, reduce accordingly hereafter.

The amendment was agreed to.

The next amendment was, on page 19, line 10, to increase the appropriation to enable the Interstate Commerce Commission to keep informed regarding and to enforce compliance with acts to promote the safety of employees and travelers upon railroads, etc., from "\$350,000" to "\$400,000."

The amendment was agreed to.

The next amendment was, on page 20, line 9, to increase the appropriation for the valuation of property of carriers, etc., from "\$1,000,000" to "\$1,250,000."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 20, line 18, the committee proposes from the floor to insert, after the word "Memorial," the words "to be immediately available," so as to read:

LINCOLN MEMORIAL COMMISSION.

For printing and binding report on construction and dedication of the Lincoln Memorial, to be immediately available, \$3,600.

The amendment was agreed to.

The next amendment was, under the heading "National Advisory Committee for Aeronautics," on page 21, at the beginning of line 6, to strike out "\$270,000" and insert "\$247,000," so as to read:

For scientific research, technical investigations, and special reports in the field of aeronautics, including the necessary laboratory and technical assistants; traveling expenses of members and employees; office supplies and other miscellaneous expenses, including technical periodicals and books of reference; equipment, maintenance, and operation of a research laboratory, known as the Langley Memorial Aeronautical Laboratory; maintenance and operation of one motor-propelled passenger-carrying vehicle; personal services in the field and in the District of Columbia; in all, \$247,000.

Mr. KING. I call the attention of the chairman of the committee to this item, and I would like to inquire whether upon further consideration he does not think that it would be unwise to eliminate it. I have made some inquiry and have discovered that the amount which has been subtracted from the House appropriation was to be devoted to a very important matter.

The Senator knows that there have been some fatalities growing out of the destruction of our dirigible aircraft, and that the War Department or the Navy Department, or both, have purchased or are having constructed a very large craft of the kind just referred to, and experiments obviously are necessary to demonstrate the safety or the wisdom of that kind of craft, and this amount was to be devoted to investigation and research work. I have felt for some time that we have not been sufficiently concerned about aircraft, we have not coordinated the Government activities making researches and investigations into aircraft, and anything within reason the committee may provide for the necessary investigation in regard to aircraft I think is proper, and I would heartily support.

Mr. WARREN. I individually had some doubt, after we had stricken a part of the item out, and I undertook to get further evidence concerning it. I recall that the Senator who is now on his feet called my attention to this matter some days ago, and I have a letter, written yesterday by the chairman of the bureau, which I will ask to have printed in the RECORD. I shall make no objection to this amendment being disagreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

The VICE PRESIDENT. The Senator from Wyoming asks to have the letter referred to inserted in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS,

Washington, D. C., January 18, 1923.

Hon. FRANCIS E. WARREN,

Chairman Committee on Appropriations,

United States Senate, Washington, D. C.

DEAR SENATOR WARREN: I earnestly request that the decrease of \$23,000 made by your committee in the appropriation for the National Advisory Committee for Aeronautics in the independent offices appropriation bill be restored, making the appropriation for scientific research and investigations \$270,000, as passed by the House.

Our executive committee carefully prepared a research program for next year, based on its own knowledge of the needs of aeronautical science and on the admitted needs of the Army and Navy for the scientific study of certain fundamental problems in aeronautics. The Bureau of the Budget went over this program and approved an estimate of \$247,000. By stretching that sum as far as we could we found that there were still two problems in the program that could not be undertaken at all. We convinced the House Appropriations Committee of this fact, and they allowed an additional \$23,000 to undertake a thorough investigation of the problem of the aerodynamic forces on a rigid airship for the Navy, which means an accurate measurement and study of the air pressures over the entire surface of an airship envelope and the variations in these pressures during maneuvers.

Nothing whatever is known of these forces by any nation at the present time. The Navy is building a large rigid airship at Lakehurst, N. J., and the Army a large semirigid airship at Akron, Ohio, and both the Army and the Navy have asked our committee to make the necessary scientific studies before these experimental airships are placed in service. The Navy's first fleet airship, the ZR-1, will be completed next summer, and the investigation of aerodynamic forces should be the first thing undertaken in order to insure its safety.

We have only to recall the shocking disaster to the R-38, when it broke in two in the air over Hull, England, with a loss of 42 lives, to profit by the British experience and appreciate the need of making the scientific studies which they omitted to make. I am confident that your committee and the Senate would not hesitate to agree to this proposition if they reflected on the American lives that will be risked and the millions of dollars invested by the Army and the Navy in this important military development.

As evidence of the importance of scientific research generally in the development of aeronautics, and of the value of the work of our committee to the Army and the Navy, I attach copies of letters addressed to the Bureau of the Budget by General Patrick and Admiral Moffett, the heads of the Army and the Navy Air Services, respectively.

Sincerely yours,

CHARLES D. WALCOTT, Chairman.

NAVY DEPARTMENT,

BUREAU OF AERONAUTICS,

Washington, September 23, 1922.

THE DIRECTOR OF THE BUREAU OF THE BUDGET,

Treasury Department, Washington, D. C.

SIR: Scientific research in aeronautics is essential to the continued development of aircraft for naval purposes. The Naval Bureau of Aeronautics relies upon the National Advisory Committee for Aeronautics to conduct the necessary investigations on fundamental problems and to furnish original information and data not otherwise obtainable.

The increased importance of aircraft in naval warfare is recognized by the General Board of the Navy, and plans for the greater development of naval aviation have been approved. Unless the National Advisory Committee for Aeronautics has the requisite funds and facilities for providing fundamental information, it will not be possible to keep abreast of the development of naval aviation in other countries.

The attached memorandum sets forth some of the more important problems which the advisory committee has undertaken for the Navy. Respectfully,

W. A. MOFFETT,

Rear Admiral, United States Navy,  
Chief, Bureau of Aeronautics.

SOME OF THE FUNDAMENTAL INVESTIGATIONS NOW BEING CONDUCTED BY THE NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS AT THE REQUEST OF THE BUREAU OF AERONAUTICS, NAVY DEPARTMENT.

SEPTEMBER, 1922.

Investigation to determine the pressure distribution over the envelope of a C-class airship when the airship is being maneuvered at different air speeds and in different atmospheric conditions.

Pressure distribution over the rudders and fins when these control surfaces are in their normal, intermediate, and extreme positions.

The effect on lateral controllability of a biplane of variation of the dihedral angle.

Investigation of the comparative stability, controllability, and maneuverability of the SE-5, Fokker D-VII, Spad VII, and the MB-3.

Theoretical analysis of the design and construction of the Navy rigid airship ZR-1.

Investigation leading to the development of a high-speed fuel-injection engine to operate on fuel oil instead of gasoline; to be of lightweight construction and suitable for use as a power plant in airplanes and in airships.

Investigation to determine the distribution of loading between wings of biplanes and triplanes of varying gap chord ratios and with various degrees of stagger for airfoils of several types.

WAR DEPARTMENT,

OFFICE OF THE CHIEF OF AIR SERVICE,

Washington, September 22, 1922.

THE DIRECTOR OF THE BUREAU OF THE BUDGET,

Treasury Department, Washington, D. C.

SIR: The National Advisory Committee for Aeronautics conducts laboratories at Langley Field, Va., in which studies and investigations are made on the more fundamental problems of flight. The programs for these investigations are prepared with the cooperation of Army and Navy experts. The results of practically all the investigations carried on by the committee are of great interest and value to the Army Air Service.

Aeronautics is progressing rapidly, and greater technical knowledge is necessary if we are to keep pace with developments abroad. Engineering experimentation conducted by the Army and Navy, and based upon existing knowledge, will contribute measurably to the general development of aviation, but, in my judgment, well-directed scientific research, as conducted by the National Advisory Committee for Aeronautics, is essential to substantial progress. The Army Air Service depends upon the advisory committee for the study and solution of the more difficult problems. I believe, both as chief of the Air Service and as a member of the National Advisory Committee for Aeronautics, that it would be unwise economy to curtail or postpone the research programs of the advisory committee.

Very truly yours,

MASON M. PATRICK,  
Major General, Air Service, Chief of Air Service.

Mr. SMOOT. On behalf of the committee I submit the following amendment.

The VICE PRESIDENT. The Secretary will state the amendment.

The READING CLERK. On page 21, after line 13, insert the following:

PUBLIC BUILDINGS COMMISSION.

The Public Buildings Commission is authorized, after public advertisement and public hearings, to order the destruction of old Government records for which there is no longer any need and which have no value from an historical point of view.

The amendment was agreed to.

Mr. WARREN. I will ask that we turn back to the question of housing, now that the Senator from Maine [Mr. FERNALD] is here, and if the Senator from Utah would like further information I will ask the Senator from Maine to reply to his interrogatory.

Mr. KING. I am very much obliged to the Senator from Wyoming. May I say to the Senator from Maine that I challenged attention to the provisions of the bill dealing with the Housing Corporation and stated that a number of Senators had asked me to make inquiry concerning that corporation and to propound the question as to when the corporation would be wound up, and particularly was I enjoined to inquire as to the necessity of this \$800,000 for expenses for housing here in the District of Columbia. I am expressing no opinion, but I would like to get a full explanation from the Senator.

Mr. FERNALD. Mr. President, I will endeavor to give the Senator the information. I am quite familiar with all of the proceedings in regard to this particular activity, especially respecting the dormitories. We are asking for \$800,000, and I want to say that last year the receipts were \$967,160.12, and made a profit to the Government of \$86,000.

We are taking care of 1,900 girls, approximately, and have a large number on the waiting list. We are supplying board to those girls for about \$45.50 a month. We are trying to liquidate and wind up the affairs of the corporation.

The Senator will recall that we had an appropriation of \$100,000,000 for the United States Housing Corporation. We expect to get about \$64,000,000. We now have 37 different projects in 17 different States, comprising 6,000 buildings, and, of course, the winding up of the affairs of that corporation is a pretty large undertaking.

We have another project down at Norfolk, Va. I have taken special pains in regard to this, as it came to my committee. The president of the corporation has called on me often, and I have had statements from him regarding all the affairs of the corporation. I always regret to have to make this statement, because I am so opposed to Government operation of any kind of business, but we made \$116,000 on that project the past year.

When I began to get interested in this, and to take some activity in its management, we had over 200 employees in the United States Housing Corporation. We have reduced that number to 27, with 9 outside whom we have to look after the projects all over the country, which is, I believe, a very commendable way of handling the project.

Mr. KING. Does not the Senator think that the economies to which he has referred resulted not because of any inherent virtue in the corporation, but because of the splendid Yankee ability and shrewdness of the Senator from Maine, managing the corporation?

Mr. FERNALD. I appreciate the compliment very much. I have tried to handle the business as I would my own, and have given it almost my undivided attention, because I realized what an undertaking it was, particularly this dormitory proposition. It is a good deal of an undertaking to look after 1,800 girls.

However, we have been exceedingly fortunate in the management of the corporation. We are exceedingly fortunate in having at the head of the institution one of the most remarkable women in the country. First, we started out with a man at the head of it, but we did not feel that it was a very good idea to have a man there as much as it was necessary for the head of the institution to be there. Then we procured the services of a woman, whom we kept a year or a year and a half, but the business was almost too much for her health. Then we secured

a woman who was perfectly competent, vigorous, strong, able, and of the right age, and they are going along pleasantly down there and everybody is satisfied. I would be glad to give any information I can, because I am very familiar with the working of the corporation.

Mr. KING. May I inquire of the Senator if in estimating the profits he took into account the capital invested?

Mr. FERNALD. Oh, no.

Mr. KING. Nor the deterioration?

Mr. FERNALD. No; nothing like that, nor insurance, although in all of the projects outside which we have sold to individuals, of course, we insist that they keep the property insured. We are carrying a large amount of insurance, something like \$25,000,000 worth, on property outside.

The Senator will recall that in the resolution it was suggested that if it were possible, instead of selling the large projects to a corporation to speculate on, they be sold to individuals, which we have tried to do in every instance. We are selling the properties as rapidly as we can. I agree with the Senator that we ought to wind up the affair. We have about \$20,000,000 worth of property and \$7,000,000 worth of notes secured, so we are on the last turn.

We have one project down in my State. We had a very large shipbuilding industry there, and not only did the United States Housing Corporation build a great many houses but the Navy Department also did. Then we lost the Texas Co.; they withdrew, which practically closed up all of the industry there, and we have had those houses left on our hands. Houses which cost from \$6,000 to \$10,000 to build we have been unable to sell at any price or at anything that would be considered reasonable. We have some houses there that cost \$8,000 and we have been offered \$300 for them, and we have concluded to keep them. We have another project in California of like character. As I said, we have 37 of the projects scattered over 17 States.

I want to stress particularly the decrease in the number of employees of the Housing Corporation. I believe to-day that it is carried on by a less number of people than any project of its size in the United States. Here is \$60,000,000 worth of property, and we have 27 employees and only one attorney in the system.

Mr. KING. I suppose there are caretakers?

Mr. FERNALD. Oh, yes; we must have caretakers, but there are only nine of those, as I recall.

Mr. KING. Most of the property is inactive and is simply awaiting demolition or sale?

Mr. FERNALD. A good deal of it has been sold. The business having been withdrawn from a town or the surrounding country, the people have been unable to meet their payments in many places. We have been trying to carry them on and to make arrangements so they could remain.

Mr. KING. I would like to inquire of the Senator what is his purpose and what is the purpose of the corporation with respect to the dormitories here in the District of Columbia?

Mr. FERNALD. So long as they were going on without any expensive repairs on buildings which would last a year or two longer without any extensive repairs, and so long as we do not have to make repairs and were making a little money, I have felt that perhaps until we could close up all the business of the corporation we had better continue the operation of the dormitories.

Mr. KING. Then as I understand, with the Government paying the taxes, or the property not being taxed at all in some instances, and not taking into account the insurance, not taking into account the aid given by the Government, and not taking into account the capital invested, there is some little profit on the enterprise in the District?

Mr. FERNALD. In the dormitories. That is being closed out as rapidly as possible.

Mr. KING. In respect to the other properties under the control of the corporation there is no profit?

Mr. FERNALD. In Norfolk, Va., for instance, we have a project on which we made \$116,000 last year.

Mr. KING. But I suppose the same conditions exist there.

Mr. FERNALD. There is not much of anything in the way of business there. It was money loaned and we get interest on the money besides that. In that particular proposition it was a paying project. We got about \$100,000 for the property.

Mr. KING. The corporation has loaned some money and taken security on the real estate?

Mr. FERNALD. We took security and were unable to close it out and had to operate it. I went over the matter very carefully with the committee, because I am entirely familiar with every single activity of the United States Housing Cor-



poration. As will be recalled, we had an investigation about as soon as I was made chairman of the committee, which I reported to the Senate, and since that time, finding a great many loopholes that I felt should be closed, I began to get interested and brought it up to the present time. I went over it very carefully and was very carefully questioned about all these matters. I am very glad to answer any questions about it. I know the Senator agrees with me about the proposition. I am as much opposed to a Government activity operating the business of the country as a man can be. At the proper time I shall be glad to close out this business and all other similar businesses.

Mr. WARREN. I may state to the Senator from Utah that all of the amounts covered in the last housing appropriation bill have been cut down in the present bill. Here is one in the matter of salaries where the amount was reduced some \$11,000, and in another matter \$2,000, and in another place \$125,000.

Mr. FERNALD. Yes; I can state one instance where the amount was reduced from \$65,000 to \$54,000.

Mr. KING. Liquidating the corporation; that ought to be done.

Mr. FERNALD. But, as a rule, all the bureaus are increasing their operations all the time. This is one instance where we have reduced from more than 200 down to 35 employees.

Mr. KING. The other bureaus of which the Senator speaks are continuing bureaus, and perhaps are permanent appendages to the Government.

Mr. FERNALD. They think they are.

Mr. KING. This is merely a concern created as a war measure, and with the termination of the war it ought to go out of business.

Mr. FERNALD. I think it is more useful than many of the other bureaus we have.

Mr. KING. I inject no comparisons. I believe we have many unnecessary governmental organizations.

Mr. McKELLAR. Mr. President, may I ask the Senator a question? He may have answered it before I came into the Chamber; and if so, he will be good enough to tell me.

Mr. FERNALD. I shall be glad to answer any question I can.

Mr. McKELLAR. Is it proposed to make any change such as this? I have noticed occasionally in the papers mention of a proposition of some scheme of razing the buildings and doing away with them entirely. Is there any such intention?

Mr. FERNALD. Of course, that is for the Congress to say. I have felt that, inasmuch as the buildings were there, and inasmuch as they were causing us no extra expense, and inasmuch as we have 1,900 girls well cared for who need housing facilities, perhaps it would be better to continue to operate them.

Mr. McKELLAR. And especially so long as rents are so very high in the District of Columbia.

Mr. FERNALD. Exactly.

Mr. McKELLAR. And so long as the Government rents the buildings to the tenants on such reasonable terms, too. It seems to me the Senator's position is entirely right, and I am glad to hear what he has said about it. I indorse it absolutely. I think as long as it can be done without loss to the Government, we ought surely to continue the project.

Mr. FERNALD. That is the way I felt about it.

Mr. McKELLAR. I would like to ask the Senator in reference to the houses outside of the District. I remember that while taking a trip during the war I saw a great many of these houses which had been built and which it seemed probably would be entirely useless after the termination of the war. What has been done with reference to those buildings?

Mr. FERNALD. We are selling those just as fast as possible. In some places we have been able to do very well. On the whole, I think we will get back two-thirds of the appropriation of \$100,000,000 for the whole proposition, but it is a tremendous thing. With all the houses we have sold, we still have 6,000 on hand in 27 different cities and towns scattered all over the country from Bath, Me., to Vallejo, Calif. In some cases where the cities are busy and there are industries operating we have closed out the houses at very good prices, while in other places, like Bath, Me., we have been unable to sell anything at any kind of a price.

Mr. McKELLAR. Of course, if the Senator and his commission are able to get as much as 66⅔ per cent back, I think he should be congratulated, and I for one want to congratulate him. I hope that we can obtain that much from the houses. I think it is fine work, if he is able to do that.

The reading of the bill was continued to line 4, page 23, Smithsonian Institution.

Mr. WARREN. At that point I wish to insert a committee amendment. It costs no money, although there is considerable language involved.

The VICE PRESIDENT. The Secretary will report the amendment.

The READING CLERK. On page 23, after line 4, insert the following:

The Regents of the Smithsonian Institution are authorized to prepare preliminary plans, to be approved by the Commission of Fine Arts, for a suitable fireproof building with granite fronts for the National Gallery of Art, including the National Portrait Gallery and the history collection of the United States National Museum, said buildings to be erected when funds from gifts or bequests are in the possession of the said Regents, in sections or completely on the north side of the Mall, between the Natural History Building, United States National Museum, and Seventh Street, leaving a space between it and the latter of not less than 100 feet, and a space of not less than 100 feet between it and Seventh Street, with its south front on a line with the south front of the said Natural History Building.

Mr. KING. Mr. President, I would like an explanation of that and to know whether the Senator deems it sufficiently circumscribed to preclude the possibility of the Government being called upon to erect the building. Is it expected, in other words, that it is to be built entirely from contributions?

Mr. WARREN. It must come entirely in that way, from funds other than those of the United States. There is no proposition on the part of the Smithsonian Institution to erect the building unless they get some bequests, and they think they have in mind the sources from which they will get them.

Mr. McKELLAR. It is not intended to ask the Federal Government for any appropriation for the purpose?

Mr. WARREN. Not a cent.

Mr. KING. What is to be the approximate cost?

Mr. SMOOT. About \$2,500,000.

Mr. WARREN. The building is to be erected in such way that sections can be added to it. Its total cost may be a million dollars or half million dollars, but it is made to conform to the National Museum Building. It is to be on land which the Government owns, and this is merely a permission for somebody to give the amount of money necessary to erect the building. Then it is tied up in such way that it must be in accordance with the plans of the existing buildings.

Mr. SMOOT. I have a photograph of the class of building that will be erected. A little while ago the Director of the Smithsonian Institution telephoned me that he had just received a \$35,000 bequest since the papers announced that the plant was to be put in operation.

I will say to my colleague that there is no likelihood the Government of the United States ever being asked for a single cent. The plan is somewhat after that of the Free Building. I do not know whether Senators have been down to that building.

Mr. McKELLAR. That is the National Museum Building. The photograph which the Senator has is very much like the National Museum.

Mr. SMOOT. Yes; and it will certainly be a wonderful ornament.

Mr. KING. Is it intended to supplement the building which is already on the Mall?

Mr. SMOOT. It is just east of the new United States National Museum, which is also called the Natural History Building. This is to supplement that; and is to be erected by donations. The Commission on Fine Arts has approved of the project.

Mr. McKELLAR. This building, as I understand, is to be east of the new United States National Museum Building?

Mr. SMOOT. It is to be just east of the new United States National Museum Building.

Mr. OVERMAN. Has there been any determination of the purpose for which the building is to be used?

Mr. SMOOT. The amendment states for what it is to be used.

Mr. McKELLAR. Is the building to be located near where Ninth Street runs into the park?

Mr. SMOOT. No; it is to be located nearer Seventh Street.

Mr. KING. Mr. President, I desire to inquire of my colleague whether the proposed building has any relation to the building to which reference has been made in the newspapers recently which is to be erected by the Fine Arts Commission?

Mr. SMOOT. I presume the junior Senator from Utah has reference to the building which Mrs. Dimock is endeavoring to have erected on ground in the same vicinity.

Mr. McKELLAR. That building is to be an auditorium, is it not?

Mr. SMOOT. That is to be an auditorium. The pending amendment has nothing whatever to do with that.

Mr. McKELLAR. Has permission to erect the building ever been granted to Mrs. Dimock?

Mr. SMOOT. Oh, yes; and she has already collected a great deal of money for the purpose.

Mr. McKELLAR. It is a very worthy enterprise, and I hope it may succeed.

Mr. KING. I recall reading in the newspapers about a building which was to cost a very large sum of money.

Mr. SMOOT. The structure contemplated by the amendment is not that building. The junior Senator from Utah has reference, I think, to the plan to erect certain buildings on the Mall. It is, of course, intended that those buildings shall be erected by the Government; but the Government will not pay a single cent in this instance.

Mr. KING. I ask that the amendment may be again read, in order that we may understand its full significance.

The VICE PRESIDENT. The amendment will be again stated.

The READING CLERK. On page 23, after line 4, it is proposed to insert:

The regents of the Smithsonian Institution are authorized to prepare preliminary plans, to be approved by the Commission of Fine Arts, for a suitable fireproof building with granite fronts for the National Gallery of Art, including the National Portrait Gallery, and the history collections of the United States National Museum, said building to be erected when funds from gift or bequests are in the possession of the said regents, in sections or completely, on the north side of the Mall, between the Natural History Building, United States National Museum, and Seventh Street, leaving a space between it and the latter of not less than 100 feet and a space of not less than 100 feet between it and Seventh Street, with its south front on a line with the south front of the said Natural History Building.

Mr. KING. Mr. President, it is not clear to me from the reading of the amendment as to who is to pay for the plans which are to be prepared. It is proposed to authorize certain plans to be prepared. Who is to pay for them?

Mr. LODGE. Mr. President, I happen to be one of the regents of the Smithsonian Institution, and so I am familiar with the purposes of this amendment. The idea is that the proposed building shall be erected entirely from gifts or bequests. It is quite possible that the Smithsonian Institution will receive a gift for this art gallery, and the amendment is drawn in such a way as not to obligate the Government at all in any manner, for an appropriation. That is not the idea of the regents at all. The reason that the amendment is proposed at this time is simply to prevent the land from being used for any other purpose, and it is very important that that shall be done.

As the junior Senator from Utah [Mr. KING] probably knows, the Smithsonian Institution has received a great many very large gifts, for instance, there is the Frear Gallery. Mr. Frear not only gave his great art collection, but he gave the building, which cost \$1,200,000, and made provision for its care. He has also left a fund which at present market prices amounts to more than \$2,000,000 and yields an income of \$163,000. I think it is quite probable that the Smithsonian Institution may receive another gift for the purposes of the art gallery mentioned in the amendment.

The amendment is offered with a view, in case such a gift or bequest shall be received, that the land in question shall be secured for the uses of the Smithsonian Institution and of the gallery. There is no idea of getting any appropriation at all from the Government. The regents of the institution were entirely against any such plan as that, because they knew that probably such an appropriation at this time could not be obtained.

Mr. KING. I had in mind the funds to meet the expenses of preparing the plans; whether the regents had ample funds or whether those funds were to be obtained from the Government.

Mr. LODGE. The amendment does not involve an expenditure at the present time—not a cent.

Mr. KING. The regents are authorized to prepare plans, and that would involve some expenditure.

Mr. LODGE. It would not involve an expense to the Government, for the cost will be paid out of the donations.

Mr. KING. So far as I am concerned, I should have no objection to the Government paying it.

Mr. LODGE. There is no idea on the part of the regents at all that the Government shall do that. The matter has been submitted to them and has been determined. There is no idea on the part of the regents of asking any appropriation from the Government at all. As I have stated, the purpose is simply to secure this piece of ground against other uses.

Mr. KING. I have no objection to that at all.

Mr. LODGE. It will not cost the Government anything.

Mr. McKELLAR. It seems to me the amendment ought to be adopted by all means, and I have no objection whatever to it.

Mr. WARREN. Question!

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). The question is on agreeing to the amendment submitted by the Senator from Wyoming on behalf of the committee.

The amendment was agreed to.

The reading of the bill was resumed. The next amendment of the Committee on Appropriations was, under the subhead "State, War, and Navy Department Building," on page 25, line 7, after the word "repairs," to insert "uniforms for watchmen," so as to read:

For fuel, lights, repairs, uniforms for watchmen, miscellaneous items, and city directory, \$54,000.

The amendment was agreed to.

The next amendment was, under the subhead "Walker-Johnson Building," on page 25, line 14, after the word "repairs," to insert "uniforms for watchmen," so as to read:

For fuel, lights, repairs, uniforms for watchmen, and miscellaneous items, \$8,480.

Mr. FLETCHER. Mr. President, I notice a number of amendments similar to that. Heretofore we have never provided uniforms for watchmen, as I understand.

Mr. WARREN. Mr. President, I will say to the Senator that similar amendments are suggested in six or seven different places in the bill, but they involve no additional appropriation, as the cost comes out of the funds mentioned before the amendments were inserted, and, as I have stated, on account of the rearrangement and readjustment that has been made in the management of the force of watchmen, and so forth, a sufficient saving has been made more than to cover the item of uniforms.

As to the desirability of providing uniforms, I think the Senator from Florida, as well as all other Senators, will appreciate, on a moment's thought, that we ought not to have watchmen in charge of fine Government buildings, night and day, going around in various tugs, ragged and dirty, perhaps, and at times even looking like hoboes. Especially is that true in the night. The uniform of the watchman is notice to the potential marauder at once that he can not expect to trifle with him, and the one seeking for information recognizes in a moment the watchman in his uniform and his authority.

Mr. FLETCHER. According to the language of the bill, it would seem the Government will have to pay for the uniforms.

Mr. WARREN. Certainly; just as the Government pays for the uniforms of the watchmen in the Capitol. I think the Senator would hardly desire to see all of our watchmen and policemen in ordinary clothes that might be proper for a private individual.

Mr. FLETCHER. I agree with the Senator as to that. I was wondering, though, whether the watchmen did not provide their own uniforms.

Mr. WARREN. Oh, no.

Mr. OVERMAN. They only receive about \$70 a month, and how could they buy uniforms?

Mr. WARREN. The Government in buying numbers of uniforms secures them at a reduction. Furthermore, the watchmen, as indicated by the Senator from North Carolina, receive only a trifling pay, amounting to about \$70 a month or so.

Mr. FLETCHER. I agree that the pay provided would warrant the Government in supplying the uniforms, but I was wondering if that had been the custom heretofore. This language was being added all through the bill, in six or seven places, as if it were something new.

Mr. WARREN. The Senator was not in the Chamber, perhaps, when I explained that various Government buildings one by one have been placed under the care of the Superintendent of Public Buildings and Grounds, until most of them are now under his care. He has perfected an organization which has brought about great economies in that particular service; so that, notwithstanding the Government pays for the uniforms for the watchmen, a saving of more than \$40,000 has been brought about in the appropriations carried by this bill.

Mr. FLETCHER. I think the amendment entirely proper; but it seems to me that the provision should have been carried in the bill as it came over from the House.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

Mr. KING. I notice, Mr. President, in line 19, page 25, an item of \$2,000 for a disbursing clerk, and then provision is made for a large number of clerks following. I was wondering what was the necessity for having a disbursing clerk and a large number of assistants merely to pay out funds to employees who



care for the buildings. Let me illustrate what I have in mind. Take, for instance, the Interior Department. There are a large number of employees of the Interior Department; I presume there is a clerical force and there is a disbursing force, which has to do with the payment semimonthly or monthly of all the employees. Obviously they could pay the watchmen who look after the building as well as they could pay the clerks.

Mr. WARREN. Mr. President, the Senator is in error, because the watchmen and janitors are already under the supervision and control of the Superintendent of Public Buildings and Grounds.

Mr. KING. If they have been withdrawn from the jurisdiction of the Interior Department, at least for the purpose of payment, then I can see the correctness of the Senator's position. But, now, coming to the Potomac Park buildings.

Mr. WARREN. Mr. President, the disbursement, let me say, amounts to \$2,000,000 per annum, and it is necessary to have the employee provided by the bill in order to take care of that disbursement. It seems to me entirely proper. Of course, the disbursing officer may be bonded. He is not, however, confined to the particular duty of a disbursing officer, but must perform any duty which may be assigned to him, although his particular duty, of course, is to disburse the funds. He has to make payment to an almost innumerable number of employees, as the Senator will realize when he takes into consideration the total amount disbursed and the meagerness of most of the salaries.

Mr. KING. Mr. President, I should like to inquire what are the duties of this disbursing clerk and the clerks allotted to him, to which reference is made in the paragraph under the heading "Potomac Park Buildings." The Senator said \$2,000,000 will be expended by the disbursing officer.

Mr. WARREN. I will read a paragraph from the testimony in the hearings of Colonel Sherrill, who was asked about this disbursing clerk. I read as follows:

Mr. WOOD. I see you have a new disbursing clerk at \$2,000 in here? Colonel SHERRILL. Yes. The reason for that is that the Comptroller General, under a recent decision, has compelled the payment of all employees by cash instead of by check and, while there has always been an urgent need for a disbursing clerk, this change in the method of payment of 1,500 employees makes it absolutely imperative that such a clerk be authorized. The salary of \$2,000 is a low one, on account of the fact the pay roll will exceed \$100,000 a month and the total disbursements \$2,000,000 a year.

Mr. KING. May I inquire of the Senator what employees are comprised in the category to whom payment is made by this disbursing officer?

Mr. WARREN. They are almost innumerable, but they cover all of the working force employed in taking care of this large number of buildings. The Senator knows, if he will take a look in the southern part of the city, that there are acres and acres and acres of public buildings there, and in every one there are watchmen and policemen and janitors and charwomen and all of that.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, under the head "Potomac Park office buildings," on page 26, line 13, after the word "items," to insert "uniforms for guards," so as to read:

For fuel, lights, repairs, miscellaneous items, uniforms for guards, and city directory, including maintenance, repair, exchange, and operation of one motor-propelled passenger-carrying vehicle to be used for official purposes only, \$164,000.

The amendment was agreed to.

The next amendment was, under the subhead "Mall office buildings," on page 27, line 19, after the word "items," to insert "uniforms for guards," so as to read:

For fuel, lights, repairs, motor cycle and truck repairs, supplies, and exchange of same, miscellaneous items, uniforms for guards, and city directory, \$100,000.

The amendment was agreed to.

The next amendment was, under the subhead "Temporary buildings (1800 Virginia Avenue)," on page 28, line 6, after the word "rent," to insert "uniforms for guards," so as to read:

For fuel, light, repairs, ground rent, uniforms for guards, and miscellaneous items, \$19,000.

The amendment was agreed to.

The next amendment was, under the subhead "temporary buildings," on page 29, line 16, after the word "rent," to insert "uniforms for guards," so as to read:

For fuel, lights, repairs, ground rent, uniforms for guards, miscellaneous items, and city directory, \$81,000.

The amendment was agreed to.

The next amendment was, under the subhead "Interior Department buildings," on page 30, line 11, after the word "repairs," to insert "uniforms for guards," so as to read:

For fuel, lights, power, repairs, uniforms for guards, window washing, miscellaneous items, and city directory, \$60,000.

The amendment was agreed to.

The next amendment was, in the items for contingent expenses in connection with the maintenance, operation, and protection, etc., of the Pension Office, Patent Office, and General Land Office buildings, on page 31, line 5, after the word "repairs," to insert "uniforms for guards," so as to read:

For contingent expenses in connection with the maintenance, operation, and protection, including fuel, lights, repairs, uniforms for guards, and miscellaneous items, \$74,000.

The amendment was agreed to.

The next amendment was, on page 31, after line 6, to insert:

For installing 15 stories of filing stacks in the interior court of the Pension Office Building, including elevators, lighting system, and foundation, personal services, labor and materials, to be immediately available, \$1,000,000, said sum to be disbursed under the direction and supervision of the Superintendent of the State, War, and Navy Department Buildings.

Mr. McKELLAR. Mr. President, will the chairman of the committee tell us the facts about this item?

Mr. WARREN. Mr. President, it is a matter that has been under consideration for a long time. As the Senator knows, we have perspired and shed blood for years about archives buildings, and still these papers and documents accumulate and are not cared for. This is proposed to take care of certain classes of papers and documents and place them in the unused portion at present of the Pension Office Building. Perhaps the Senator will remember that formerly we had stacks of a lesser degree than this and, for that matter, clerks working all over the floor there. We had to take them out once in four years and have an inaugural ball for the President, and so forth, and then put them back again. Now it has occurred to those having charge that it would be a good plan to put in these stacks.

I will ask the Senator from Utah [Mr. Smoot] if he will go further into the matter, as he has had it under his special charge in connection with his duties on the Public Buildings Commission.

Mr. McKELLAR. Mr. President, May I ask the Senator from Utah, before he begins, whether the Pension Building is a fireproof building?

Mr. SMOOT. Absolutely; and I want to say to the Senator now that the statement in this prepared article that has been furnished to a good many of the Senators is not correct. I have the statement from Colonel Sherrill and the engineers of the different departments that there is no building that is more fireproof than that. The roof is of tile and cement, and the only wood that there is in it is the little wooden pins that were used while the roof was being constructed; and the statement that it is made of wood covered with tin is an absolute falsehood.

Mr. McKELLAR. It is a brick building, is it not?

Mr. SMOOT. It is a stucco and brick building; yes.

Mr. McKELLAR. From the outside—I have never examined it critically at all—it would appear not to be a fireproof building. How long has it been built?

Mr. SMOOT. I think it was built near the end of the sixties.

Mr. LODGE. I think it was built in 1869.

Mr. SMOOT. Eighteen hundred and sixty-nine, as I remember. It was in the sixties.

Mr. McKELLAR. I should have my doubts, just speaking generally, as to whether a building constructed that far back would be fireproof.

Mr. SMOOT. Oh, it has been repaired many, many times. We have had concrete floors and concrete steps and stairways put in in the building, and I do not know of any Government building that is nearer fireproof than that.

Mr. McKELLAR. Mr. President, I should like to ask the Senator about what is proposed to be done. I notice that the amendment says:

Including elevators, lighting system, and foundation, personal services—What does that include?

Mr. SMOOT. Perhaps I had better explain it, and then, perhaps, in the explanation I will answer all the questions.

Mr. McKELLAR. I hope the Senator will. The explanation may answer the questions that I have in mind. I know nothing about it, and I am just asking for information.

Mr. POINDEXTER. Mr. President, I should like to ask the Senator from Utah if he is personally informed about the ques-

tion as to the roof of this building not being of wood? I have been told by people whose statements are entitled to credit that the roof is a wooden roof—I suppose not referring to the outer covering of the roof but to the inner support of the roof.

Mr. SMOOT. I will say to the Senator that it is not a wooden roof. I had Colonel Sherrill call again yesterday, and I had him here not two hours ago; I let him read this statement, and I asked him if that was true, and he said it is not true, that it is a tile and cement roof.

Mr. POINDEXTER. Of course, Mr. President, the committee indicated by putting this amendment in the bill its belief of the need of a repository for archives. That being the case, I should like to ask the Senator if it is his judgment that the expenditure of this amount of money, \$1,000,000, for what after all is a sort of a makeshift archives repository is advisable? Would it not be better to take this \$1,000,000 and apply it toward the construction of an archives building modern in every respect, without any question as to its being fireproof, and one that would be an ornament to the city?

Mr. SMOOT. The Senator from Washington is no more interested in building an archives building than I am. I am in absolute accord with him. I have stood upon this floor now for two years pleading that an appropriation be made for starting the construction of an archives building.

Mr. OVERMAN. It has been more than two years. The Senator from Washington [Mr. POINDEXTER] introduced a bill here nearly ten years ago, seven years ago at least, and I supported him then, and so did the Senator from Utah, but we never could get it enacted. How do we know we are going to do it in the future?

Mr. POINDEXTER. That bill was passed first, if the Senator will permit me, in the public buildings act of 1913. Then there was some question as to the location and some question as to the effect of the legislation, as to the extent to which it went—that is, as to whether or not it really authorized the construction of the building. In order to remove that doubt, I offered an amendment to that act expressly authorizing it, using the word "authorized"; and that was enacted into law and is now the existing law.

Mr. SMOOT. That is true.

Mr. POINDEXTER. Under that legislation, when the late distinguished Senator from Virginia, Mr. Martin, was chairman of the Appropriations Committee, without any hesitation he attached to an appropriation bill an appropriation of money, \$5,000, for the preparation of preliminary plans. Those plans have been prepared; and if this \$1,000,000, or even \$500,000, should be appropriated, which would be all that could be expended in the coming fiscal year, there is no doubt available public land owned by the Government in the city upon which work could be commenced toward the construction of the building under that authorization.

Mr. SMOOT. Let me assure the Senator that the adoption of this amendment has nothing whatever to do with the archives building. Let us consider it a temporary matter, and if the improvement is made in the old Pension Building we will save about \$600,000 a year worth of space that we need very badly. It is a serious situation. We must have space somewhere, or else go out and pay high rates of rent.

Mr. McKELLAR. Mr. President—

Mr. SMOOT. I put in the RECORD here the other day the plans showing just what it would save. We can not get an archives building constructed in less than two years and a half, and we will save more than the million dollars in the two years and a half, and we can use in the permanent archives building every stack that goes into the Pension Office Building.

Mr. WILLIS. Mr. President—

The PRESIDING OFFICER (Mr. McNARY in the chair). Does the Senator from Utah yield to the Senator from Ohio?

Mr. SMOOT. I will ask the Senator to wait just a minute. I have here, Mr. President, the plans of this whole scheme; and I want to say to the Senator from Washington—because I know how vitally interested he is in this building, and so am I—that every one of these stacks can be used in the archives building when we get it built; and in the meantime we will save about \$600,000 each year in space that we can utilize through taking these records and putting them into the filing cases and stacks that we intend to erect with this money.

Mr. POINDEXTER. Will the Senator inform us what portion of the million dollars will be used in the purchase of the stacks and what portion will be used in the work of erecting them and putting them in the building?

Mr. SMOOT. Of course, as to erecting them, that is simple; the main work will be to bolt the stacks together and build the new foundation in the building.

Mr. POINDEXTER. What will the stacks themselves cost? What will have to be paid for them?

Mr. SMOOT. Approximately \$950,000 for the stacks themselves. Here are the plans, showing where every bolt goes; and the other \$50,000 will be used to build a foundation in the court, in order that it can sustain the weight of the stacks and the weight of the papers that will go in them. Outside of that, the labor itself is very little, indeed.

They are brought in and put up, beginning at the foundation. The bolt will fit exactly, and each story of the stack will be about 9 feet high. There are 15 stories of those stacks. The stacks are placed upon one another, and fit exactly, just the same as the steel frame of a window is made.

Mr. WILLIS. Mr. President, I think we ought to have an archives building. It is little short of a national scandal that documents that are absolutely priceless and which could not be replaced are stored down in the vaults of this Capitol, where they can not be protected; so I am in favor of the archives building. I want to suggest, in addition to what the Senator has said, in reply to the Senator from Washington, that if we had one it would not be presently practicable to transfer the papers from the Pension Office to that building, because, as the Senator knows, in the work in looking after pension cases access must be had to those papers every day, and they have to be stored there for many years to come. So this proposition does not in any way interfere with the archives proposition.

Mr. POINDEXTER. I do not understand that these stacks to be put in the Pension Office are to be used exclusively for Pension Office papers.

Mr. WILLIS. They are to be used in part for those papers.

Mr. POINDEXTER. Of course, the Pension Office papers are all in the Pension Office.

Mr. SMOOT. They are only a small part of the papers that will be filed. There are 230 miles of these stacks. That is what they figure.

Mr. POINDEXTER. I am fully aware of the enormous volume of Government papers. One feature of the present condition in which they are kept that is very important, in addition to the injury they are receiving from moisture in some places and some extremely hot and dry atmosphere in others, causing them to crumble up, is the fact that they are not accessible; and the advantage of an archives building is not only in the preservation of the papers but in the opportunity to classify them and make them accessible for those who have occasion to search among them.

Mr. SMOOT. I want to say to the Senator now that in the transfer of these papers they will be taken from boxes that have been put in space that we want for office space. When they go into these stacks they will all be cross indexed, and a person can readily get any paper he wants.

As I said the other day when we were discussing this question, if at the present time one asks for a paper a few years old, those in charge will say, "It is in building so-and-so. It is in box number so-and-so." They will send four or five people up where the papers are stored, where there are boxes stacked upon boxes, all wooden boxes. They have to take them off each other, and they have to go into the boxes, and they know that in a certain great big box is the paper they want; and sometimes it takes days and days and days to find the paper.

What we want is provision so that every paper that goes into storage shall be cross indexed so that a person can go to the stacks any time and get a paper in two minutes, just as he can get a book in the Congressional Library, and have it for whatever purpose it is desired for.

In this letter it is stated that the place where these papers will be stored is a fire trap, and that if a fire starts in one of the stacks, all the stacks will go, and it will be a fire flue, and more than likely cause great loss of life as well as of records. The stack itself is 9 feet high. The stacks are all in little steel sections, just wide enough to take in the ordinary paper; and in those little sections the papers are put into spaces, I suppose, 3 or 4 inches high, and numbers are given to the papers themselves.

No fire can start among the papers in any of those stacks, they are so small, that a hand grenade would not put out. A serious fire never could get started. I think Mr. Jameson is making a mistake when he makes the statements attributed to him, and he should not be fearful that I am trying to interfere with what he is so deeply interested in; that is, building an archives building. I know the worth of an archives building. I know the Government of the United States has to build one. I know that the records of this Government, precious as they are, are going to decay, and if our present practice continues very much longer some of the most valuable records



the Government has will never be in condition so that they can be of public service. They are dropping to pieces now.

I was surprised when this objection to these stacks was handed to me by one of the Senators. After the Engineers have made an examination of this question, after they have been requested by the Public Buildings Commission to make an examination of the old Pension Office with a view of establishing these stacks in that building for the purpose of affording a place for keeping certain records now and to relieve the space they are occupying, which we so greatly need, is it possible Senators think I would ask the Congress of the United States to make an appropriation to put in something that was not fireproof and dangerous to life?

Anyone who will go down into the buildings now and observe the records we intend to preserve will find them in stacks of wood, none of them in stacks of steel. In some of the best buildings we have there are stacks of wood, and if a fire ever starts in them, nothing on earth can prevent their being destroyed. Not only that, but more than likely the building itself would be destroyed.

Mr. POINDEXTER. Will the Senator from Utah, as a member of the committee, accept an amendment, not to interfere in any way with his amendment, providing half a million dollars to begin work upon an archives building?

Mr. SMOOT. I would be delighted to do it. I stood here and asked for \$500,000 two years ago. The chairman of the committee agreed with us at that time. We were to locate it between Twelfth and Thirteenth Streets and between B and C.

Mr. POINDEXTER. That was on square 88?

Mr. SMOOT. Square 88.

Mr. POINDEXTER. I think that is the place for it.

Mr. SMOOT. There were objections to it. I say now to the Senator that he can not go further than I will in an effort toward securing an appropriation of \$500,000 to begin that building.

Mr. POINDEXTER. I am very glad to hear the Senator say that. I think that at the proper time I will offer an amendment to the bill for that purpose.

Mr. SMOOT. I will be glad to support it. Another thing, if I did not know it would save the Government of the United States half a million dollars every year, I would not ask for this million-dollar appropriation.

Mr. FLETCHER. Did I understand the Senator to say that this is to be a permanent thing?

Mr. SMOOT. No; after the archives building is built we can take the stacks out, and use every single steel stack we will have in the new building.

Mr. FLETCHER. Does the Senator contemplate that these stacks would go into the archives building?

Mr. SMOOT. If the archives building is large enough, every one of them will go into it. I say now that no business man in all the world would allow the space that is occupied to-day by the records of this Government, space that is worth \$2 a square foot, to be so occupied. We are hunting all over this city for space, and the commission is going to get the Government employees out of every rented building in the District, and we are not going to be content until they are out. We have already saved \$650,000. I think this is one of the best amendments that could be possibly put in the bill to save a little money.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. POINDEXTER. I want to offer an amendment to that amendment. If it has been acted on, I ask for a reconsideration.

Mr. SMOOT. Let the Senator offer his amendment as a separate amendment.

Mr. POINDEXTER. I offer the following amendment to the committee amendment, to come at the end of the committee amendment just adopted.

Mr. WARREN. Mr. President, under the circumstances, I have no objection to that going in.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. Following the amendment just agreed to, the Senator from Washington proposes to add the following:

For the construction of a national archives building in the city of Washington, District of Columbia, on square East 88, including mechanical equipment and the drafting of plans and specifications, which plans and specifications shall provide for a building not to exceed \$2,500,000 in total cost, \$500,000 of said sum to be disbursed and the building to be constructed under the direction and supervision of the Supervising Architect of the Treasury.

Mr. KING. I ask the Senator from Washington not to press his amendment to-day. I think the Senator from Alabama would be profoundly interested in that.

Mr. POINDEXTER. I think the Senator has in mind another piece of property in which the Senator from Alabama was interested, and he made objection to the location of the archives building upon that property because it necessitated the closing of a street. This is an entirely different piece of property, and there is no street involved in it at all. I hope, now that the chairman of the committee has announced his favorable attitude toward the amendment, that the Senator will allow it to be adopted at this time.

Mr. KING. Under the rule that we were to dispose of committee amendments first, I fancy that the amendment offered by the Senator from Washington would not be in order.

Mr. WARREN. The Senator offered it as an amendment to the committee amendment and asked for a reconsideration of the vote by which the committee amendment had been agreed to. Therefore it is in order.

Mr. POINDEXTER. I will say to the Senator that if he finds that this property is the property that he has in mind in which the Senator from Alabama was interested, I will have no objection to a reconsideration of it; but I know it is not the same property at all.

Mr. KING. Let me ask the Senator to pass that by until we get through with the bill, and then recur to it. I wish he would give some of us a chance to look into it.

Mr. McKELLAR. I hope the Senator will permit that to go over.

The PRESIDING OFFICER. Objection is made.

Mr. SMOOT. The reason the Senator from Alabama objected to it before was because it would have closed Eighteenth Street. That was the objection, and the only objection, the Senator from Alabama had. He was not opposed to building an archives building, but he was opposed to closing Eighteenth Street. This will not close Eighteenth Street, and I do not believe the Senator from Alabama would object to it for a moment.

Mr. POINDEXTER. In fact, the Senator from Alabama announced that he was in favor of building an archives building.

The PRESIDING OFFICER. Objection has been made to the present consideration.

Mr. McKELLAR. I will ask the Senator just to let it go over until to-morrow. I would rather do that than object to its consideration.

Mr. POINDEXTER. Very well.

Mr. WARREN. I do not care to agree just now to let anything go over until to-morrow; but we shall let it go over for the time being, and go on with the bill.

The reading of the bill was continued.

The next amendment of the Committee on Appropriations was, under the subhead "1800 E Street NW.," on page 31, line 18, after the word "items," to insert "uniforms for guards," so as to read:

For fuel, lights, repairs, and miscellaneous items, uniforms for guards, \$4,000.

The amendment was agreed to.

The next amendment was, under the subhead "Lemon Building, 1729 New York Avenue, NW.," on page 31, line 23, after the word "repairs," to insert "uniforms for guards," so as to read:

For fuel, lights, repairs, uniforms for guards, and miscellaneous items, \$4,100.

The amendment was agreed to.

The next amendment was, at the top of page 32, to insert:

#### DEPARTMENT OF COMMERCE BUILDING.

The responsibility for the care, maintenance, and protection of the Department of Commerce Building and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith, shall be transferred on July 1, 1923, and thereafter from the Secretary of Commerce to the Superintendent of the State, War, and Navy Department Buildings.

Department of Commerce Building—Salaries: For the following employees, for maintenance and protection: Engineer and electrician, \$1,400; carpenter, \$1,000; electrician, \$1,000; three elevator conductors at \$720 each; five guards at \$720 each; three firemen at \$720 each; assistant forewoman, \$720; 21 laborers at \$660 each; toilet attendant, \$480; in all, \$26,380.

For fuel, lights, repairs, miscellaneous items, uniforms for guards, and printing, \$18,650: *Provided*, That amounts aggregating \$51,500 of the appropriations made to the Department of Commerce for the fiscal year 1924 for care, maintenance, protection, fuel, light, and so forth, for the Department of Commerce Building are hereby transferred to the Superintendent of the State, War, and Navy Department Buildings and made available to the extent of \$45,030 for payment of the salaries and expenses herein set forth, and the remainder (\$6,470) shall be covered into the Treasury to the credit of miscellaneous receipts.

Mr. WARREN. On page 33, in line 2, I move to amend the committee amendment by striking out the words "miscellaneous receipts" and inserting "surplus funds."

The VICE PRESIDENT. The amendment will be stated.

The READING CLERK. On page 33, line 2, after the word "of," strike out the words "miscellaneous receipts" and insert in lieu thereof the words "surplus funds."

Mr. McKELLAR. What does that difference mean?

Mr. WARREN. There is no fund called "miscellaneous receipts."

Mr. McKELLAR. The money, however, will go into the Treasury?

Mr. WARREN. It is a miscellaneous fund, but it immediately becomes "surplus funds."

Mr. McKELLAR. It is not subject to be paid out by the department?

Mr. WARREN. Oh, no.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 33, after line 2, to insert:

#### DEPARTMENT OF LABOR BUILDING.

The responsibility for the care, maintenance, and protection of the Department of Labor Building, and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith, shall be transferred on July 1, 1923, and thereafter from the Secretary of Labor to the Superintendent of the State, War, and Navy Department Buildings.

Department of Labor Building—Salaries: For the following employees, for maintenance and protection: Engineer, \$1,200; general mechanic, \$840; 3 elevator conductors at \$720 each; 3 firemen at \$720 each; 4 guards at \$720 each; 12 laborers at \$660 each; toilet attendant, \$480; in all, \$17,640.

For fuel, lights, repairs, miscellaneous items, uniforms for guards, and printing, \$9,000: *Provided*, That amounts aggregating \$33,300 of the appropriations made to the Department of Labor for the fiscal year 1924 for care, maintenance, protection, fuel, light, etc., for the Department of Labor Building are hereby transferred to the Superintendent of the State, War, and Navy Department Buildings and made available to the extent of \$26,640 for payment of the salaries and expenses herein set forth, and the remainder (\$6,660) shall be covered into the Treasury to the credit of miscellaneous receipts.

Mr. WARREN. On page 34, line 3, in the committee amendment, I move to strike out the words "miscellaneous receipts" and insert the words "surplus funds."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 34, after line 3, to insert:

#### WARDMAN-JUSTICE BUILDING.

The responsibility for the care, maintenance, and protection of the Wardman-Justice Building, and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith shall be transferred on July 1, 1923, and thereafter from the United States Attorney General to the Superintendent of the State, War, and Navy Department Buildings.

Wardman-Justice Building—Salaries: For the following employees, for maintenance and protection: Engineer, \$1,200; electrician, \$1,000; carpenter, \$1,000; 3 firemen, at \$720 each; 5 elevator conductors, at \$720 each; 5 guards, at \$720 each; 15 laborers, at \$660 each; toilet attendant, \$480; in all, \$22,940.

For fuel, lights, repairs, miscellaneous items, uniforms for guards, and printing, \$11,000: *Provided*, That amounts aggregating \$42,550 of the appropriations made to the Department of Justice for the fiscal year 1924 for care, maintenance, protection, fuel, light, etc., for the Wardman-Justice Building are hereby transferred to the Superintendent of the State, War, and Navy Department Buildings and made available to the extent of \$33,940 for payment of the salaries and expenses herein set forth, and the remainder (\$8,610) shall be covered into the Treasury to the credit of miscellaneous receipts.

Mr. FLETCHER. I am not sure that I can identify the building by the name "Wardman-Justice Building." Is it at the corner of Vermont Avenue and K?

Mr. SMOOT. It is where the Attorney General's office is.

Mr. FLETCHER. Where the Department of Justice is located?

Mr. SMOOT. Yes; and I want to say to the Senator that every effort is going to be made possible by the building commission to get the department out of that building.

Mr. McKELLAR. Will the Senator tell us how much rent we pay for that building, and how much we have been paying for a number of years?

Mr. SMOOT. We paid \$37,500 for the building for five years, and then our lease expired. Then they made a demand upon us so great that I do not even want to state it; but I said here one day to the Senate that we were going to appropriate \$75,000 for the rent of the building and if they ever got any more than that they would have to go to the courts and carry it to the Supreme Court of the United States.

Mr. McKELLAR. Is there anything in the report that they asked the enormous sum of \$300,000 a year for that building?

Mr. SMOOT. There is something in the report, I will say to the Senator.

Mr. McKELLAR. I do not know how we can control it.

Mr. SMOOT. Without discussing the question further, I will say to the Senator that the Government is trying in every way possible to make the move now. We will have to make a number of moves in order to get the space required, because they must have 130,000 square feet, and that is a lot of space for one department. I think we can arrange it before long so that, by various moves which we are now trying to make, we can perhaps obtain the space so we can move the department out of that building.

Mr. McKELLAR. That is, between now and the 1st of July? When does our lease expire at the rate of \$37,500 a year?

Mr. SMOOT. It expired a year ago.

Mr. McKELLAR. What rental are we paying for the building this year?

Mr. SMOOT. We appropriated \$75,000, and we do not pay more than that.

Mr. McKELLAR. That is double what we paid before.

Mr. SMOOT. I want to say to the Senator that it is a little less than 75 cents a square foot, and we are paying a great deal more than that now. Of course, they are asking a great deal more.

Mr. McKELLAR. I think they are asking more than the building would cost.

Mr. WARREN. The question is not at issue now, I understand.

Mr. McKELLAR. It is at issue in this way, that if we are going to move between now and July 1, of course there is no necessity for appropriating these sums for the necessary superintendence of the building. I think we ought to move if we can. We have a world of space down in the Army and Navy buildings in Potomac Park. It seems to me we ought to be able to find space enough in the building in order to look after the Department of Justice and take care of their needs. Those are enormous buildings. I was down there some time ago, and I noticed a very large number of rooms which were not being utilized at all. I believe if the Senator from Utah, who is a master hand at making these changes so as to save the Government money, would go down there and look over those buildings, he would very soon find there was ample room in the two buildings to make such changes as would avoid the payment of the enormous increase in rent which the Wardman-Justice Building now demands. The Government ought not to be required to pay any such rental as that.

Mr. SMOOT. The Senator from Utah had the plans of every room before him. He has been in every single room. He has been through those buildings so often that he knows every room in them. We are trying now, room by room, to crowd them up so as to get space enough to care for the Department of Justice. I will say to the Senator from Tennessee that the Public Buildings Commission is going to utilize every single solitary foot of space the Government owns.

Mr. McKELLAR. It is a very important matter. I understand our rent bill runs up to nearly a million dollars a year in the city of Washington alone.

Mr. SMOOT. About \$750,000.

Mr. McKELLAR. The Senator from Utah suggests it is \$750,000 a year. That is an enormous rental where we have so many buildings and when we are constantly adding to the number.

Mr. WARREN. As I have notice of quite a number of amendments on various subjects, I think we will hardly be able to conclude with the bill to-day, although I desire to conclude with the committee amendments. Therefore, I ask unanimous consent that when the Senate concludes its business for the day it take a recess until to-morrow at 12 o'clock.

Mr. FRELINGHUYSEN. I would like to ask the chairman of the committee if the item on page 36 under the head of "Tariff Commission" will be passed over? I have an amendment to offer to that item and should like to have an understanding as to when it will come up.

Mr. WARREN. That is the House proposition, and of course is open to amendment when the time comes.

Mr. FRELINGHUYSEN. As I understand, it will not be taken up to-night?

Mr. WARREN. We will pass it as it stands to-night, but of course the amendment will be as much in order to-morrow as it would be to-day.

Mr. FRELINGHUYSEN. There will be an opportunity to offer the amendment to-morrow?

Mr. WARREN. The same opportunity that exists to-night.

The VICE PRESIDENT. Is there objection to the unanimous-consent request proposed by the Senator from Wyoming? The Chair hears none, and it is so ordered.

Mr. McKELLAR. I hope the Senator will permit us to take a recess now until to-morrow.



Mr. WARREN. Oh, no; we want to finish the committee amendments. There are only a few more.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee on page 34, under the heading "Wardman-Justice Building."

Mr. WARREN. I desire to offer an amendment to that amendment before it is agreed to. On page 35, line 4, I move to strike out the words "miscellaneous receipts" and insert in lieu thereof the words "surplus funds."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 35, after line 4, to insert:

**CIVIL SERVICE COMMISSION BUILDING.**

The responsibility for the care, maintenance, and protection of the Civil Service Commission Building, and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith, shall be transferred on July 1, 1923, and thereafter, from the United States Civil Service Commission to the Superintendent of the State, War, and Navy Department Buildings.

Civil Service Commission Building—Salaries: For the following employees, for maintenance and protection: Carpenter, \$1,000; general mechanic, \$840; 2 elevator conductors, at \$720 each; 3 guards, at \$720 each; 4 laborers, at \$660 each; toilet attendant, \$480; in all, \$8,560; for fuel, lights, repairs, miscellaneous items, uniforms for guards, and printing, \$4,000; in all, \$12,560, which sum is hereby appropriated.

The amendment was agreed to.

The next amendment was, on page 35, after line 21, to insert:

**INTERSTATE COMMERCE COMMISSION BUILDING.**

The responsibility for the care, maintenance, and protection of the Interstate Commerce Commission Building and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith, shall be transferred on July 1, 1923, and thereafter, from the Interstate Commerce Commission to the Superintendent of the State, War, and Navy Department Buildings.

Interstate Commerce Building—Salaries: For the following employees, for maintenance and protection: Assistant superintendent, \$2,000; engineer, \$1,500; electrician, \$1,000; carpenter, \$1,400; 3 firemen, at \$840 each; 6 elevator conductors, at \$720 each; 5 guards, at \$720 each; assistant foreman, \$1,000; assistant forewoman, \$720; 24 laborers, at \$660 each; toilet attendant, \$480; for fuel, lights, repairs, miscellaneous items, uniforms for guards, and printing, \$19,000; in all, \$54,080, which sum is hereby appropriated.

Mr. WARREN. On page 36, line 8, I move to amend by striking out "\$1,500" and inserting "\$1,600." There was a mistake in the print.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, under the subhead "United States Veterans' Bureau," in the items for vocational rehabilitation, on page 46, line 1, after the word "repairs," to insert the following additional proviso:

*Provided further,* That this appropriation shall be available for the purchase and distribution of embossed literature in Revised Braille for the use of blinded ex-service men and for procurement of equipment and supplies for the production of such literature.

The amendment was agreed to.

Mr. WARREN. Mr. President, I have a further committee amendment which I desire to offer, which was presented by the senior Senator from Ohio [Mr. POMERENE] and was duly considered by the committee. I ask that it be inserted at the proper place in the bill.

The PRESIDING OFFICER (Mr. HALE in the chair). The amendment proposed by the Senator from Wyoming will be stated.

The READING CLERK. At the proper place in the bill it is proposed to insert the following:

For the Perry's Victory Memorial: For improvements of the grounds and approaches to the memorial, parking, retaining walls, facing the upper and lower plazas with tile or other suitable material, etc., \$90,185.

Mr. WILLIS. Mr. President, I shall not take the time at this late hour to make any extended observations in support of the amendment. I simply wish to say that I very cordially approve of the amendment which the chairman of the committee has offered on behalf of my colleague [Mr. POMERENE]. It is a very worthy amendment and provides for a very worthy purpose. I ask unanimous consent, however, to have inserted in the Record at this point a brief excerpt from the report of the Perry's Victory Memorial Commission stating the reasons for the adoption of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

The economy with which the memorial is operated would be indicated by any analysis of the items in the treasurer's report relating to "salaries of employees," etc., and salary of the custodian. The latter is in constant attendance at the memorial the year round, and receives but \$750 per annum. During the period when the memorial is open to the public, an expert electrician receives \$120 per month. From two to four guides receive \$95 and \$90 per month, and a cashier \$45 per month. No other salaries are paid, and members of the commis-

sion serve without compensation. Their necessary expenses in attending meetings will be reduced in the future, as their number decreases, due to the provision of the law that the commissioners representing each State engaged in the construction of the memorial shall finally be limited to three members. Extra labor is required at the memorial to keep it in perfect condition, and on the reservation of 14 acres, the latter exceeding what it would be if the grounds were in a creditable condition. But all such labor costs have been most reasonable as compared with the work necessary to be performed.

The report of the treasurer also proves that the memorial continues to be not only self-sustaining but earning an annual net revenue. This has been the case every year since the memorial was opened to the public in 1915. Since taken over by the Federal Government in 1919 it has not cost the Government a cent for maintenance, operation, repairs, or improvements. We doubt that there is any other self-sustaining public work of a monumental or memorial character in America or in the world. It seems most extraordinary that this great memorial, the property of the United States Government, but for which the Government paid but one-third of its cost for actual construction and nothing for the cost of organization necessary to erect it, now is, and always will be, dedicated to the national uses for which it was accepted in perpetuity by Congress, without cost to the National Treasury for maintenance.

We urge that the proposed appropriation is immediately necessary as an emergency and economy.

**FIRST, AS TO THE EMERGENCY.**

The sea wall on the south side of the memorial must be supplemented by a second wall, some feet farther out into the lake, extending the length of the upper terrace. Great financial loss will result and ruin to all the protective work already carried out at this point unless this is done. Measures must also, before long, be adopted to reinforce the present sea walls on both sides of the memorial, one 1,400 and the other 800 feet long, both of which were built by the commission and paid for out of the net earnings of the memorial. No funds for such purposes are now or will henceforth be available to the commission except by congressional action.

The lower terrace, a great plaza 75 by 183 feet, leading to the steps of the second terrace, 75 feet wide, has as its facing only rough, loose stones. There is no other approach to the entrance of the memorial. These stones are dangerous to limb and life. Every year the commission is obliged to construct temporary paths over this plaza, thus depleting its net revenue.

While the memorial is self-sustaining, its average net revenue of approximately \$3,000 a year should go to create a surplus to provide against accidents and emergencies. Under present circumstances no such surplus can be created, because the woeful condition of the terraces and grounds require constant expenditures out of the earnings for the protection of the public. At any moment an accident to the elevator might cost \$10,000. A single winter storm might cause great damage to the retaining walls. If the Government will complete the property, it will have no further apprehension about maintenance. But even a self-sustaining memorial can not guarantee so continuing unless placed in the condition of safety and fitness for use contemplated by the original plans.

**SECOND, AS TO ECONOMY.**

The revenues of the memorial are derived from the fees paid by the public for ascending to the top—25 cents for adults and 10 cents for children. Approximately 40,000 people have patronized the elevator in each of the past two seasons. If the approaches were in a presentable and safe condition and the memorial reservation a park instead of a swamp amidst 14 acres of waste land, this patronage would be doubled or greatly increased. Under present circumstances temporary paths have to be constructed across the reservation, only to be damaged or washed away in the winter. The public has no use whatsoever of the grounds. Neighboring groves, forests, and island retreats draw visitors away from the memorial. The state of affairs is a continual loss to the Government as compared with the gross receipts that would ensue if the property were in a condition consistent with the beauty, impressiveness, and appealing interest of the memorial itself.

The people are being denied their rights in the premises. Congress accepted the property for their use, but they are prevented from enjoying it. We have no doubt that if the memorial and reservation were completed the Government would receive an annual net revenue from its investment. That investment is now only one-third of the total cost of the memorial, and if the proposed appropriation of \$100,000 were made for the purposes herein recommended the Government would still have paid less than one-half of the cost of the memorial and the national park surrounding it.

Respectfully submitted.

GEORGE H. WORTHINGTON,

President, 712 Hippodrome Building, Cleveland, Ohio.

A. E. Sisson,

Treasurer, Marine Bank Building, Erie, Pa.

WEBSTER P. HUNTINGTON,

Secretary, Columbus, Ohio.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Wyoming is agreed to.

Mr. WARREN. Mr. President, I ask unanimous consent that the Secretary may correct all of the totals in the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRISON. I desire to offer an amendment to come in on page 3 under the item of "Contingent expenses of the Executive Office," following the numerals "\$36,000" in line 2.

The PRESIDING OFFICER. The amendment proposed by the Senator from Mississippi will be stated.

The ASSISTANT SECRETARY. On page 3, at the end of line 2, it is proposed to insert a comma and the following proviso:

*Provided,* That no part of this appropriation shall be expended until the President shall have complied with the request of the Senate as expressed in Senate resolution 258, adopted April 24, 1922.

Mr. HARRISON. I should like to have that amendment pending in the morning. I do not wish to address myself to it to-night.

Mr. WARREN. If the Senator from Mississippi wishes to discuss his amendment to-morrow, I have nothing further to say. I do not wish by any act of mine, however, to indicate that I shall accept it, although I shall be glad to hear from the Senator.

#### MEMORIAL SERVICES FOR THE LATE SENATOR WATSON OF GEORGIA.

Mr. HARRIS. Mr. President, I ask unanimous consent that the order of the Senate of date February 24, 1905, prohibiting the bringing of flowers into the Senate Chamber may be suspended for the day of Sunday, January 21, 1923, the occasion of memorial services for my late colleague, Senator THOMAS E. WATSON. His widow, who is ill and not able to be present, has requested me to have flowers placed on his former desk for her and her granddaughters, and I sincerely hope her request may be granted.

The VICE PRESIDENT. The Chair hears no objection, and leave is granted.

#### RECESS.

Mr. KING. I suggest to the Senator from Wyoming that we now take a recess.

Mr. WARREN. Mr. President, there being no necessity for an executive session to-night, I move that the Senate take a recess, the recess being under the previous order, until 12 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 20 minutes p. m.) the Senate took a recess until to-morrow, Saturday, January 20, 1923, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

FRIDAY, January 19, 1923.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Lord, we pray to Thee, to whom we owe our first, our last, and our eternal allegiance. May nothing stand between us and obedience to Thy holy will. Let Thy sympathy make us social, Thy love make us charitable, and Thy grace make us cheerful. So order our lives that they shall respond to hope and love, to the call of service and sacrifice. Endow us with the mind that sees the heights and the soul that sounds the depths. In all things keep us in harmony with the purposes of our blessed heavenly Father, for the sake of Jesus, our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### LEGISLATIVE APPROPRIATION BILL.

Mr. CANNON, from the Committee on Appropriations, by direction of that committee, reported the bill (H. R. 13926, Rept. 1431) making appropriation for the legislative branch of the Government for the fiscal year ending June 30, 1924, and for other purposes, which was read the first and second times and, with accompanying papers, referred to the Committee of the Whole House on the state of the Union.

Mr. BYRNS of Tennessee reserved all points of order.

#### EXCHANGE OF PROPERTY.

Mr. GREEN of Iowa, by direction of the Committee on Ways and Means, presented a report (No. 1432) on the bill (H. R. 13774) to amend the revenue act of 1921 in respect to exchange of property, which was referred to the Committee of the Whole House on the state of the Union.

Mr. GARNER. Mr. Speaker, I do not think this bill is a privileged bill. Under the rules, must I reserve all points of order now, or can I make a point of order when the bill is taken up?

The SPEAKER. The Chair thinks the gentleman can make a point of order when the bill comes up.

Mr. GARNER. To be on the safe side, I reserve all points of order.

#### EXTENSION OF REMARKS.

Mr. BLANTON. Mr. Speaker, in order to present a request for unanimous consent, I ask to proceed for a quarter of a minute.

The SPEAKER. The gentleman from Texas asks to proceed for a quarter of a minute. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, among the several addresses before the Washington Board of Trade last night was one delivered by Gen. Merton E. Lewis, who was formerly both Senator and Attorney General of the State of New York. It con-

tains some suggestions to our Interstate Commerce Commission and to our Committee on Interstate and Foreign Commerce, and is of such value to the country generally that I think it ought to be in the Record. I ask unanimous consent that I may extend my remarks by inserting it in the Record.

The SPEAKER. The gentleman from Texas asks unanimous consent to insert the speech referred to in the Record. Is there objection?

Mr. SNELL. Reserving the right to object, it seems to me that this is going pretty far in putting matter in the Record. Although the gentleman comes from my State, for the present I think I will object.

Mr. BLANTON. If the gentleman will yield, this railroad question is one of the main problems that is to be solved, not only by Congress but by the Interstate Commerce Commission.

Mr. SNELL. I know, but it seems to me that we have gone too far in inserting such matter in the Record. I have been waiting for a case where it came from my own State, and I feel that I must object.

Mr. BLANTON. But Gen. Merton E. Lewis is a distinguished gentleman from the State of New York—

Mr. SNELL. I know, I know him personally, but I feel that we have gone far afield in allowing extraneous matter to go into the Record. If it is matter that relates to something that has taken place on the floor of the House I would not object.

Mr. BLANTON. This has special reference to a matter that is to be settled by Congress.

Mr. SNELL. I feel that I must object.

Mr. HICKS. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on the suggested national park at Mount Baker, Wash.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks in the Record in the manner indicated. Is there objection?

Mr. STAFFORD. Are they the gentleman's own remarks? If so I have no objection.

Mr. HICKS. They will be my own remarks.

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. HICKS. Mr. Speaker, through the courtesy of my friend, Mr. HADLEY, the distinguished Representative of the district, and of a number of public-spirited citizens of Bellingham, last summer I was afforded the opportunity of visiting that wonderful section of northwestern Washington known as the Mount Baker-Shuksan district.

Having visited most of our great public reservations, I realize that the magnificence of forest growth and the majesty of mountain scenery gives to this part of the great State of Washington a just claim for consideration as one of the wonder spots of the Nation. It is a pleasure for me to attest to its grandeur, to commend the Agricultural Department for their foresight in opening the domain to the public, and to congratulate the generous impulse of the citizens of Washington for giving their financial and moral support to a project which is destined to be one of our greatest national parks.

Permit me briefly to describe this district of the far Northwest, bounded by British Columbia on one side and by Puget Sound on the other, with snow-capped Mount Baker dominating sea and land and sky.

This area, embracing about 1,000 square miles, is one of the most interesting territories in all of North America. Besides the more notable Mount Baker, whose ancient name is "The Kulshan," meaning "The Great White Watcher," there are in this district and visible at almost every point of one's visit at least 10 other mountains, most prominent among which is Shuksan. This rugged mountain is one of the most aged in the world. It was never a volcano, as was Baker. It was projected through the outer crust of the earth from one of the lowest stratas millions of years, perhaps, before the volcanic mountains were fashioned. Its substance is such that its glaciers do not have a perceptible effect upon its form, whereas the mountains that were formed from lava and ash are being rasped to pieces by the glaciers, and their substance sluiced to the lowlands through the numerous rivers that spring from their many sides. One can not contemplate the history of these mountains without thinking of Shuksan as immutable and without realizing that the more noted neighbors, like Baker, Rainier, Hood, St. Helena, Adams, and Olympus, will pass away.

The Mount Baker-Shuksan district is being opened through the joint effort of the United States Forestry Department and Whatcom County of the State of Washington. A highway, commencing 37 miles from Bellingham, will be completed to